

CSR Report 2023 ◀



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Introduction

We aim to be the world's leading manufacturer of functional area for vehicle chassis.

Running, turning, stopping, and bearing loads

Functional parts for vehicle chassis, which we supply to global automakers, are essential components for safe driving. We believe that companies handling products that involve human life bear a responsibility that goes beyond the quality and performance of the products we produce and extends to various activities undertaken by the Company. The F-tech Group takes a broad perspective in tackling environmental, human rights, and economic challenges and works to fulfill its social responsibility of being a corporate group that contributes to the happiness of all people.



Better than Ever

Editorial Policy

As in the previous fiscal year, in FY2022 the F-tech Group was significantly affected by external changes in its operating environment. These included the ongoing COVID-19 pandemic, and a surge in raw material and energy prices caused by yen depreciation. These negative external effects have not yet subsided, and real value and the evolution of the Group's production volatility due to semiconductor shortages, the situation in Russia and Ukraine, resilience, adaptability, and sustainability are being tested. For more than a decade, we have reported on our environmental and social contribution activities in this report. Social demands for disclosure of information regarding sustainability are increasing year by year. In response, this year we have expanded this content, covering our basic policy on sustainability, roadmap, and identification of materiality items. We hope this report will aid our stakeholders in understanding the F-tech Group. In preparing this report, we referred to the GRI Standards as the basis for our identification of materiality and considered the TCFD recommendations for environmental considerations and climate change risks. For social responsibility, we referred to ISO 26000 and other relevant guidelines. In this report, the F-tech Group is also referred to as "the Group," and F-tech Inc. may be referred to simply as "F-tech" or "the Company."

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Future Projections, Plans, and Targets

This report is a forecast based on information available at the time it was written and is not definitive. Therefore, the results of future business activities may differ from the projections contained in this report.

Mission Statement

From a global perspective, we strive to contribute to our society and to improve the quality of life through manufacturing of the highest quality products with ambition and sincerity.

Corporate Philosophy

Challenging Spirit

Respecting People

Making Profit

Basic Policy on Sustainability

Based on our mission statement, corporate philosophy, and action guidelines, we will strive sincerely to solve global issues and enhance our corporate value through our business activities in the aim of realizing a society with sustainable mobility.

Our Action Guidelines

● Compliance with laws and ordinances

We always give top priority to ethically appropriate conduct in all our activities. We always comply with laws and ordinances and act with a good social conscience as a good member of society in keeping with being a company with a high commitment to legal compliance. If we discover any violation or possible violation of any laws, ordinances or company rules, we will report the matter, make suggestions, and consult with our direct supervisor or the Corporate Ethics Kaizen Desk.

● Respect for human rights

We respect all individual and human rights. We do not tolerate any child labor, forced labor, discrimination or any type of harassment that violates human rights.

● Labor and Safety & Health

We will establish a safe and secure working environment for all our employees, and maintain a pleasant and safe working environment.

● Quality

We strictly follow the highest standards and procedures giving top priority to provide products and services with safety to meet customer's expectations.

● Compliance with company rules

We create our company's internal rules and regulations based on rational reasoning and relevant objectives to create a fair and equal working environment and we commit to communicating with our employees effectively.

● Traffic safety

As a member of the automotive components manufactures, we always observe traffic safety laws, rules and regulations, being a good citizen on the road by giving way to others on the road.

● Environmental protection

We will endeavor to protect the environment, with the belief that the Earth belongs to all humankind. We always consider minimizing the impact on nature and optimize energy resource utilization in production.

● Increasing corporate value

We believe the purpose of a company as a going concern is the creation of value. We will always strive to maximize socially accepted corporate values by bringing profit long-term for our shareholders and society.

● Disclosure and management of information

We strictly distinguish and manage information from personal, company confidential, and to be disclosed appropriately. However, we strive to publicly make available any required information in accordance with respective laws and corporate regulations appropriately and in a timely manner.

● Fair transactions

We always ensure business is conducted in a free, equal and fair manner with transparency, and will not engage or agree with any irrational, corrupt business practices.

We will not allow giving and receiving of any benefit or convenience beyond reasonable and legal limits socially acceptable, and we will not maintain any unfair relationship with political parties or government authorities.

We will never permit or tolerate any relationship or connection with any anti-social organizations or behaviors which may threaten the safety and well-being of our society.

● Community involvement

Being a member of the local community, we support the creation of an equal, wealthy and well-being of our society through participation in local community development, promotion of cultural, educational, and the improvement of the welfare of the local society.

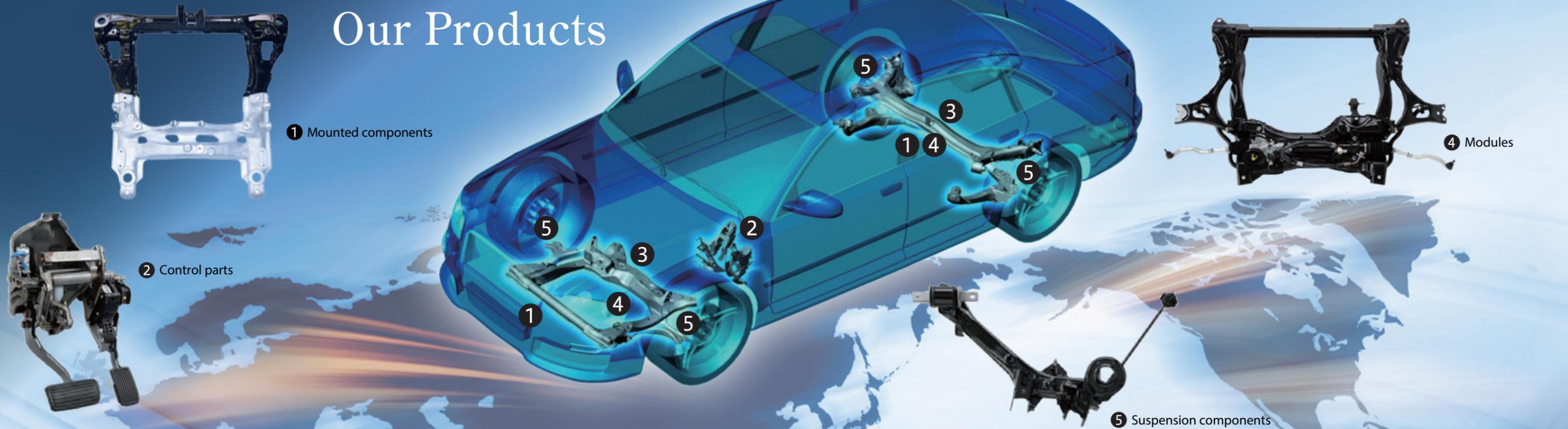


Working toward a Sustainable Future by the Challenging Spirit That We Have Embraced Since Our Founding

A Specialized Manufacturer of Functional Parts for Vehicle Chassis Responding to the Shift to EVs

We manufacture automotive components that have an important impact on safety, such as suspension arms, subframes and pedals, utilizing sophisticated design capabilities and a unique integrated processing system. In addition to ensuring the high-quality automobile manufacturers require, our components simultaneously offer strength, durability and weight reduction.

Our Products



Global Network

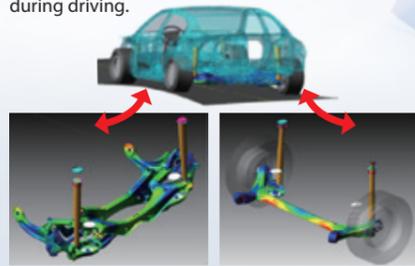
- Production Sites Japan (two), North America (six), China (two), Asia (four)
- R&D and Sales Facilities Japan (two), North America (three), China (two), Asia (two)

We have opened development locations in all regions where we have production sites to ensure prompt response to customers' needs. We aim to improve our operations across the Group through information sharing across all areas including quality, development, procurement and the environment.

Fourteen Production Sites and Nine R&D and Sales Facilities in Nine Countries

Design Technology Capabilities

We utilize our proprietary analysis technology to conduct development based on product performance predictions, such as suspension during driving.



Processing Technologies

We have developed unique technologies such as hydroforming, friction stir welding (FSW), and FUT-1 (a type of ultra-precise forming).



From a Small-Town Factory to a Global Company

- Jul. 1947** Founder Jiroku Fukuda established Fukuda Seisakusho in Soka City, Saitama Prefecture, for press working of toy parts.
- Oct. 1959** Began manufacturing motorcycle parts for Honda Motor Co.
- Jul. 1961** Honda won the Isle of Man race. Received a letter of appreciation from Mr. Soichiro Honda for supplying parts.
- May 1964** Company name changed to Fukuda Press Kogyo Co.



1961 | Certificate of Appreciation from Mr. Soichiro Honda

- Jan. 1965** Developed and manufactured functional parts for four-wheeled vehicles.
- May 1967** Kameyama Plant (currently Kameyama Wada Plant) established in Kameyama, Mie Prefecture.
- Dec. 1978** Head office and plant (now Kuki Plant) moved to Kuki City, Saitama Prefecture.
- Nov. 1983** Fukuda Engineering Co. was established.
- Oct. 1986** F&P Mfg., Inc. was established in Ontario, Canada, as the Group's first overseas base.
- Dec. 1988** Company name changed to F-tech Inc.



1986 | F&P Mfg., Inc., the Group's first overseas base



At the time of establishment

Founding Period

1947 to 1964

1964 Non-consolidated net sales exceed ¥200 million

Founding Period of Automobile Business

1965 to 1989

1989 Non-consolidated net sales reach ¥17.4 billion

- Jul. 1990** Haga Technical Center was established in Haga, Tochigi Prefecture.
- Jul. 1993** F&P America Mfg., Inc. was established in Ohio, U.S.A.
- Jan. 1994** Kyusyu F.tech Inc. was established in Yamaga City, Kumamoto Prefecture, Japan.
- May** F-TECH PHILIPPINES, MFG., INC. was established in Laguna, Philippines as the first base in Asia.
- Sep. 1996** Register stocks over-the-counter with the Japan Securities Dealers Association.
- Apr. 1997** DYNA-MIG, a division of F&P Mfg. was established in Ontario, Canada.
- Nov. 1999** All domestic offices acquired ISO 14001 certification.



1993 | F&P America Mfg., Inc., established in Ohio, U.S.A.

Period of Expansion into the North American Market

1990 to 1999

1999 Consolidated net sales reach ¥71.2 billion



1988 | Change to the current Company name

- Oct. 2000** F&P Georgia, a division of F&P America Mfg., was established.
- Jan. 2001** Listed on the Second Section of the Tokyo Stock Exchange.
- Mar.** Began transactions with Toyota Motor Manufacturing North America, Inc.
- Jun.** F.E.G. DE QUERETARO S.A. DE C.V. was established.
- Jan. 2002** F-tech Zhongshan Inc. was established as the first base in China.
- Apr. 2003** F.TECH R&D NORTH AMERICA INC. was established in Ohio, U.S.A.
- Nov. 2004** F-tech Wuhan Inc. was established
- Mar. 2006** F-TECH MFG. (THAILAND) LTD. was established in Ayutthaya, Thailand.
- Sep.** Listed on the First Section of the Tokyo Stock Exchange.

Expansion Period I

2000 to 2010

2010 Consolidated net sales reach ¥122.0 billion

- Nov. 2007** Retera Co. Ltd. was acquired as a subsidiary.
- Dec.** Established FUTIAN MOULD TECHNOLOGY (YANTAI) CO., LTD., a subsidiary of Fukuda Engineering Co., LTD., in Shandong Province, China, currently YANTAI FUYAN MOULD CO., LTD.
- Jul. 2008** F.tech R&D Philippines Inc. was established in Laguna, Philippines.



F&P MFG DE MEXICO S.A. DE CV.

- Dec. 2011** F-tech R&D (Guangzhou) INC. was established.
- Jun. 2012** Established F&P MFG DE MEXICO S.A. DE CV. in Guanajuato, Mexico.
- Feb. 2013** PT. F.TECH INDONESIA was established in Karawang, Indonesia
- Aug.** Michigan/R&D NA Branch Office was established in Michigan, U.S.A.
- Oct.** Kameyama Plant obtained ISO 50001 certification.
- Jun. 2016** Current Public Interest Incorporated Foundation F-TECH SCHOLARSHIP FOUNDATION was established.

Expansion Period II

2011 to Present

2023 Consolidated net sales reach ¥261.2 billion

- Sep. 2018** F-Tech Automotive Components Private Limited. was established in Gurugram, India/.
- Nov. 2020** Invested in VEE GEE Auto Components Private Limited.in Gujarat, India.
- Mar. 2021** Started business with Toyota Motor Corporation.
- Dec.** Established Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors.
- Apr. 2022** Moved to the Prime Market from the First Section of the Tokyo Stock Exchange.
- May** Acquired India Steel Summit Private Limited in Uttar Pradesh, India.
- Apr. 2023** Established F-TECH NORTH AMERICA INC. in the US state of Michigan.
- October** Moved from the Prime Market to the Standard Market of the Tokyo Stock Exchange



May 2022 India Steel Summit Private Limited becomes a subsidiary



Yuichi Fukuda
President & CEO

Accelerating Our Earning Power to Become a Company More Sought After by Society

Looking Back on the 14th Mid-Term Business Plan

Overall, we achieved an increase in sales and profits. However, we regrettably fell short of our goal of achieving profitability at all site. The three years of the 14th Mid-Term Business Plan were a battle against COVID-19. Our business activities were significantly affected by reduced production and plant shutdowns by our customers, as well as parts shortages due to disruptions in the supply chain. Additionally, we faced a tight labor market and soaring costs for materials and transportation, making the operating environment extremely challenging.

One particular challenge that became evident was that our strength was insufficient to effectively counteract these changes in the operating environment. We need to become able to demonstrate solid earning power even under difficult circumstances.

However, we did succeed in securing new orders and achieving stable mass production of new models even amid these challenging conditions. We are also proud to have received quality awards from many of our valued customers. We have strengthened our base in Mexico and enhanced our business in India, as well as established a new sales office in North America. In addition, in Japan we set up the Sustainability Promotion Department.

Action Policies of the 15th Mid-Term Business Plan

During the period of the 14th Mid-Term Business Plan, our lack of earning power became apparent, so under the 15th Mid-Term Business Plan, we will focus on activities aimed at improving earning power.

The "F-tech family" is a group of companies focused on monozukuri (manufacturing). We doggedly pursue the true essence of manufacturing and strive to improve earning power, aligning with our company-wide policy of "enhancing earning power to achieve sustainable growth and contribute to society." In each area, we will continue to implement specific initiatives towards this goal.

Building Sustainability Management

Incorporating sustainability into corporate activities has already become a global standard. We recognize the importance of establishing sustainability management from the perspective of addressing environmental, economic, and



social challenges, while fulfilling our corporate social responsibility. To achieve this, we need to develop and implement specific measures to contribute to society. It is also important for each employee to understand the concept of sustainability and take appropriate actions based on it. We established the Sustainability Promotion Department to systematically carry out necessary internal awareness-raising activities to this end.

Establishment of the Sustainability Promotion Department

We believe that addressing environmental issues, social concerns, and economic challenges related to sustainability, commonly referred to as ESG, requires both internal and external actions.

The establishment of the Sustainability Promotion Department serves two main purposes. The first is to foster a shared understanding within the Company of the significance of sustainability, including how our corporate activities are connected to social contribution and sustainability, and why we must conduct our operations based on sustainability principles.

The second objective is to provide information to our shareholders and external stakeholders to help them understand what we are actually doing.

This CSR report is part of that effort.

We expect the Sustainability Promotion Department to provide and foster an understanding of sustainability initiatives both internally and externally, and to effectively communicate our activities in order to play a leading role in promoting sustainability.



Initiative for Carbon neutrality as an urgent issue

Achieving carbon neutrality is key to our efforts to promote sustainability. The Company has created a roadmap for achieving carbon neutrality and is working actively to this end.

Reducing CO2 emissions is an urgent challenge that companies must face to address global warming. But rather than a problem at the individual company level, it is a global issue that needs to be addressed by all humankind.

It is important to share such a sense of urgency with as many people as possible, and on an individual level, each person should do what they can. As a company, we need to set higher goals and work towards achieving carbon neutrality even as much as, one year, one month, or one day faster.

We can maximize the impact of our efforts by linking the efforts of companies, entire industries, and even countries, based on specific goals.

Practicing Respect for Human Rights and Diversity

We have emphasized human rights and diversity in our Action Guidelines, a set of guidelines shared throughout the



Group. Since its founding, We have conducted its business based on the principle of respecting people, creating an environment where individuality is respected regardless of gender, age, nationality, religion, or political ideology, and maximizing each person's potential. Respecting people is about allowing each individual to leverage their strengths and support each other's weaknesses, thereby maximizing our organizational capabilities. We recognize that cultural, historical, and political differences exist in the countries and regions where we operate, and we believe it is important to fully acknowledge, understand, and embrace these differences.

The Global Development of the F-tech Group

We divide our operations according to three regional segments: Japan, North America, and Asia.

The Japanese market continues to shrink, due to social factors such as an aging population and a declining birthrate. Accordingly, in order to achieve stable, sustained business growth, we need to keep expanding our operations overseas.

Recently, we have been focusing on strengthening our North American business in Mexico and our Asian business in India. Our performance in these two countries has made a significant positive contribution to the Company's consolidated performance.

Responding to the Accelerating Global Shift toward EVs

Currently, the automotive industry is heavily focused on the trend towards electrification, specifically electric vehicles (EVs). The transition of automotive power sources from gasoline engines to batteries will not render the Company's expertise in chassis components obsolete. Rather, we need to actively expand sales our channels in this direction.

Auto manufacturers have clearly emphasized the shift towards electrification in their management strategies, with the United States and China leading the way in EV adoption. As these two countries clarify their approach to EV adoption, we will need to actively pursue strategic orders and firmly ascertain growth opportunities. We believe that this will be a key factor in the Company's future business expansion.



Addressing the Social Issues Right Before Us

Each of our locations is implementing initiatives to address environmental issues. We share these case studies within the Group and consider the feasibility of adopting them based on the realities of each location, aiming to introduce them promptly if possible. To facilitate this effort, the F-tech Group holds an annual Global Environment Conference, with the theme of "becoming an environmental front-runner." At this conference, practitioners from each location report on their initiatives to promote sharing within the Group. In recent years, the COVID-19 pandemic has interrupted in-person gatherings. However, we were able to hold the conference in person in 2023.

We are committed to taking responsible actions as a Company—both on environmental initiatives but also to address social challenges. While one company's efforts may have their limits, collaborating with like-minded companies can generate greater impact. We aim to actively engage with companies who share our values, expanding the circle of collaboration and enhancing the effectiveness of our activities.

Continuing to Be a Company Society Requires

All companies, regardless of size, have a social responsibility. However, not all companies can address these responsibilities in the same environment or at the same pace. This reality is evident in our own supply chain, which is composed of different types of companies. Accordingly, it is important to have open discussions about what is expected of individual companies, what they need to possess and how they should meet these expectations. It is important to fully understand the challenges and work together to resolve them.

To remain a company that society needs, we must accurately understand what characteristics society seeks and continuously do what should and can be done to meet those expectations. As the social landscape shifts, the demands placed on us will also change. For this reason, we need to consistently cycle through this process as we fulfill our corporate social responsibilities.

Every member of the F-tech Group will take responsible actions based on our mission statement, corporate philosophy and our action guidelines, contributing to the sustainable development of our business. We will continue working to enhance corporate value and devote our full efforts to help realize a sustainable society.

Aiming to Realize a Society with Sustainable Mobility

The Process of Identifying Materiality Items

We have identified materiality items by considering our stakeholder relationships, taking into account the importance of building a sustainable society and enhancing the corporate value of the F-tech Group.

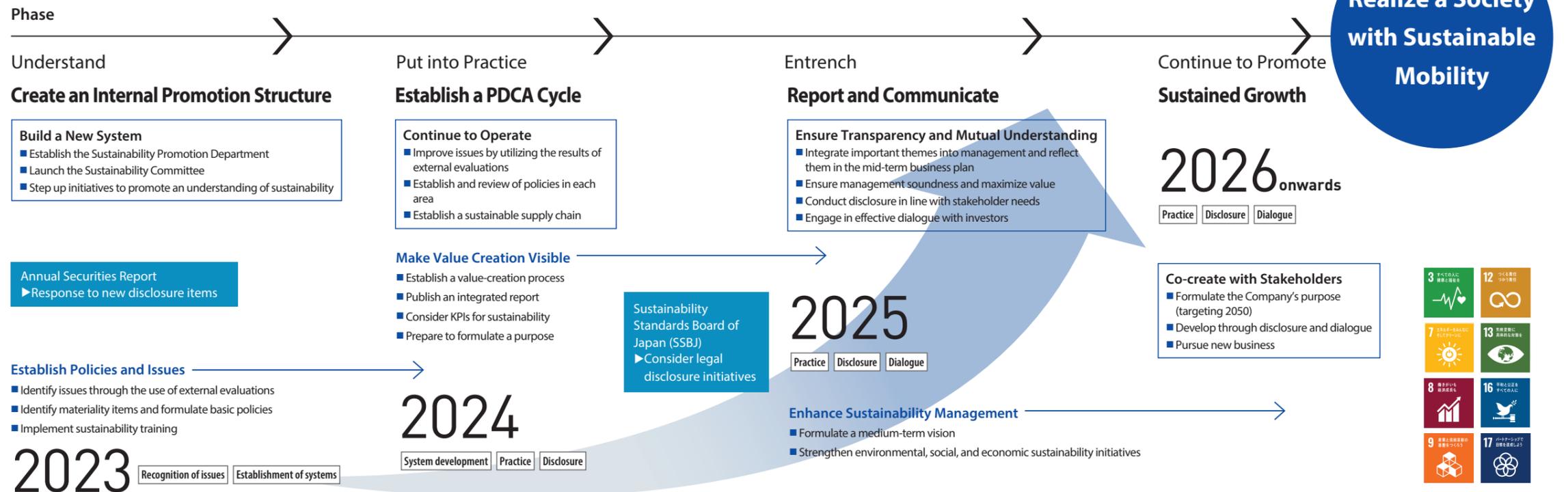
Identified Materiality Items

	Materiality Items	Our Aims	The Company's Main Initiatives	KPI (2030)	Relation to the SDGs
E nvironment	Response to carbon neutrality	Establish a low-carbon and highly efficient production system and develop environmentally friendly products	<ul style="list-style-type: none"> Design and develop items, such as EV products, that meet customer needs Reduce environmentally hazardous substances Evaluate products using LCA Implement third-party verification Expand the use of renewable energy 	<ul style="list-style-type: none"> Achieve Scope 1 and 2 carbon neutrality in manufacturing area by 2035 Achieve carbon neutrality throughout the supply chain by 2050 	
	Development of environmentally friendly products				
S ocial	Respect for human rights	Further strengthen our business foundation, ensure a comfortable working environment for our employees, and provide a secure and safe future for all	<ul style="list-style-type: none"> Foster a corporate culture that respects diversity Strengthen and enhance employee engagement Continue to comply with occupational safety laws and regulations Augment customer satisfaction 	<ul style="list-style-type: none"> Human rights training — 100% employee participation No lost time injuries — 0 cases Serious quality defects — 0 cases 	
	Safe and hygienic working environment				
	Provision of high-quality products				
G overnance	Compliance	Expand the corporate infrastructure to enhance corporate value over the medium to long term	<ul style="list-style-type: none"> Expand compliance training Enhance CSR verification sheets Expand supply chain management 	<ul style="list-style-type: none"> Compliance training — 100% employee participation Violation of laws and regulations — 0 cases Supplier CSR verification sheet — 100% deployment 	
	Fair trade				

Basic Policy on Sustainability

Based on our mission statement, corporate philosophy, and action guidelines, we will strive sincerely to solve global issues and enhance our corporate value through our business activities in the aim of realizing a society with sustainable mobility.

Sustainability Roadmap



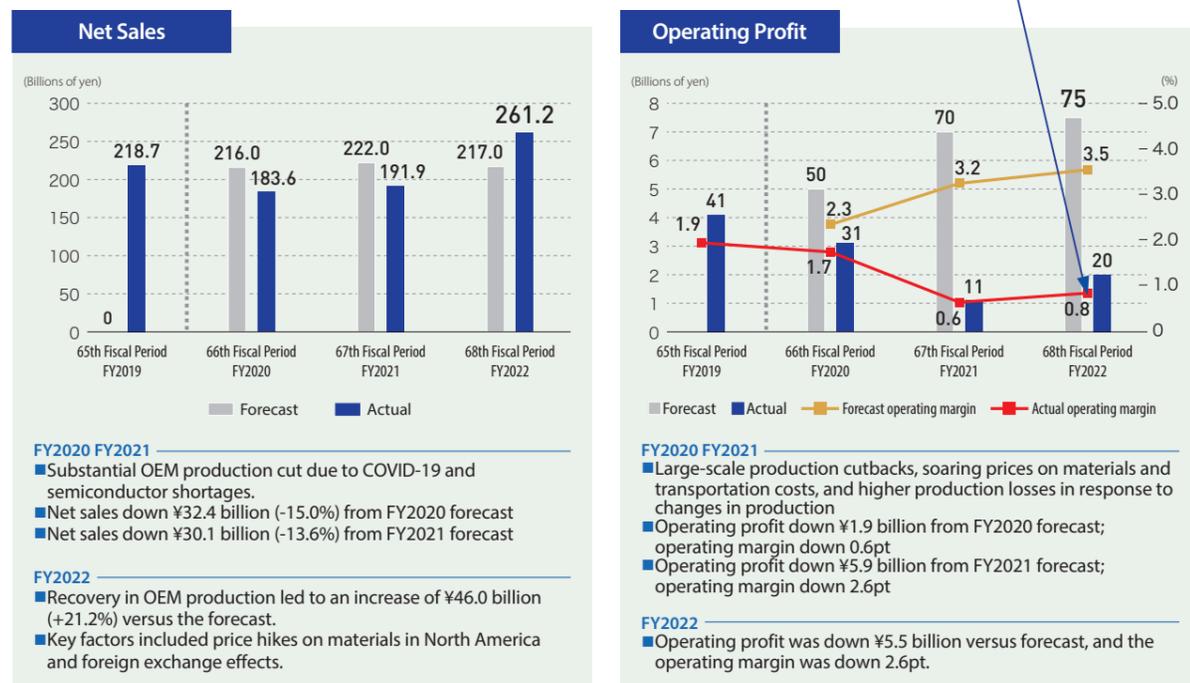
Mid-Term Business Plan

Looking Back on the 14th Mid-Term Business Plan (FY2020–FY2022)

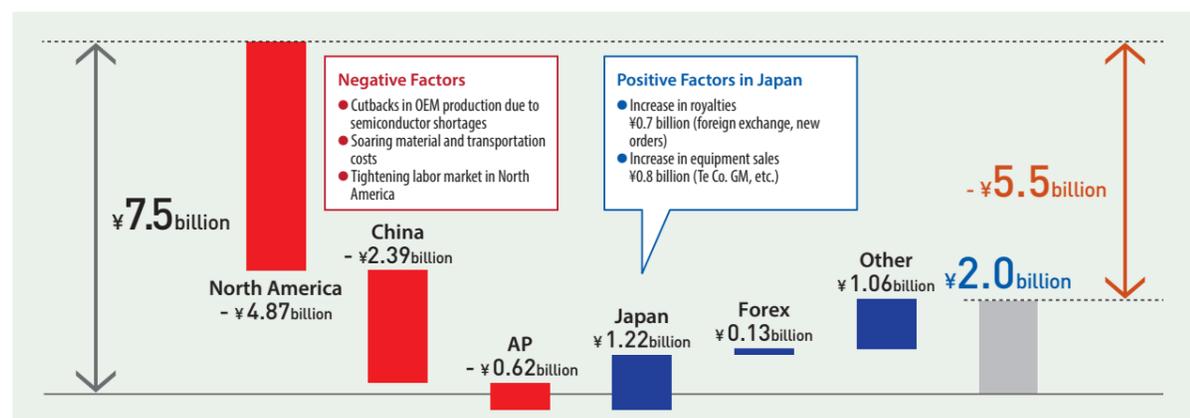
In the 68th fiscal period, the Group's sales and profits increased. However, our business activities were significantly affected by customers' lower production levels and disruptions in the supply chain due to COVID-19, leading to parts shortages. Additionally, the business environment became extremely challenging due to a tight labor market, rising material and transportation costs. This situation underscored the importance of earning power.

Even under these adverse circumstances, we succeeded in winning new orders and developing a framework for the 15th Mid-Term Business Plan.

Earning power is the most pressing issue amid production cutbacks.



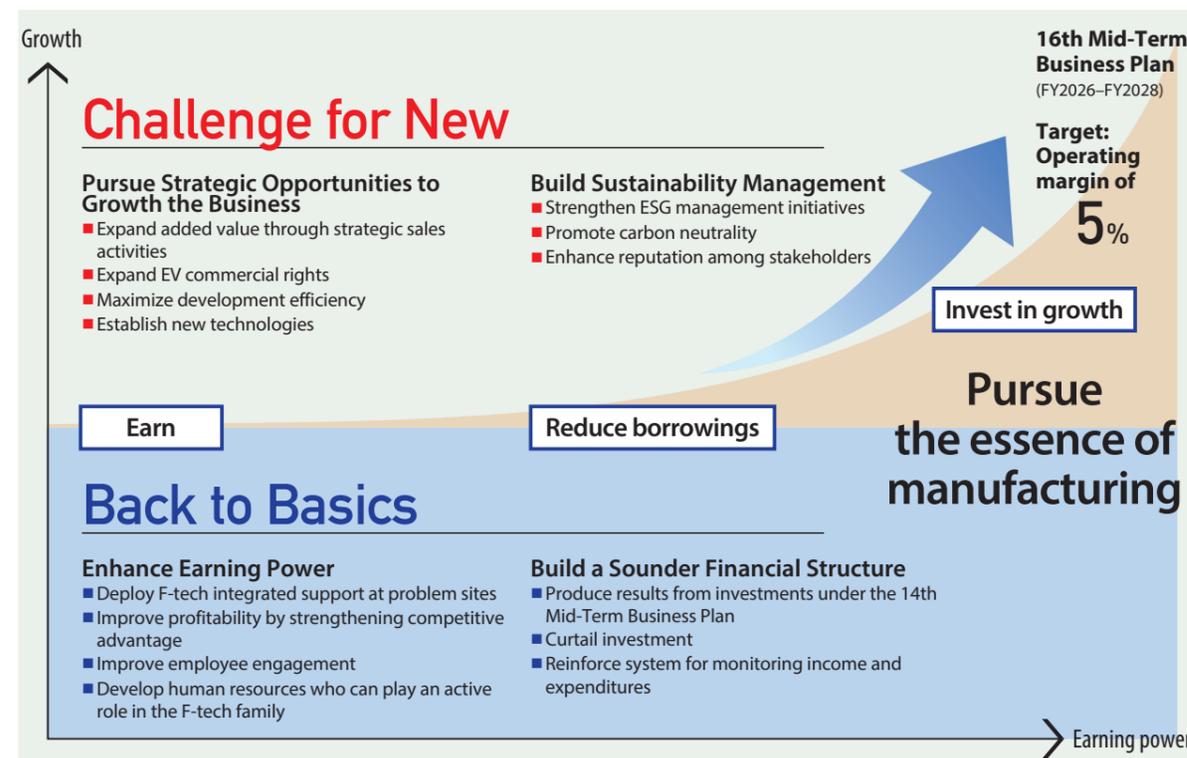
Target vs. Actual Operating Profit in the Final Year FY2022



15th Mid-Term Business Plan (FY2023–FY2025)

During the period of the 14th Mid-Term Business Plan, our lack of earning power became apparent, so under the 15th Mid-Term Business Plan, we will focus on activities aimed at improving earning power. The "F-tech family" is a group of companies focused on monozukuri (manufacturing). We doggedly pursue the true essence of manufacturing and strive to improve earning power, aligning with our company-wide policy of "enhancing earning power to achieve sustainable growth and contribute to society." In each region, we will continue to implement specific initiatives towards this goal.

Companywide Policy Contribute to society by improving earning power and achieving sustainable growth.



Numerical Targets

	FY2023	FY2025
Net sales	¥287.0 billion	¥300.0 billion
Operating profit	¥5.6 billion	¥8.0 billion
Profit attributable to owners of parent	¥1.5 billion	¥3.3 billion
Operating margin	2.0%	2.7%
Net debt/EBITDA	3.6 times or less	3.1 times or less
EPS	¥80 or more	¥175 or more

Note: Assumed exchange rate is \$1.00=¥128.

Financial and Environmental Indicators

Financial Indicators

Net Sales

Net sales grew 36.1% year on year, to ¥261,156 million, due to the effect of yen depreciation and the impact of new orders on production in North America. Meanwhile, the market is recovering from the impact of COVID-19, despite being affected by semiconductor shortages.

Operating Profit

Operating profit grew 78.5% year on year, to more than ¥2.0 billion. In Japan, higher sales of machinery and tools, as well as sales of technical services (royalties), combined with the impact of cost reductions, boosted operating profit ¥0.9 billion year on year.

Interest-Bearing Debt

In FY2020, the Company took on debt in preparation for the impact of COVID-19, but debt levels were down year on year. In FY2021 and FY2022, the Company continued to borrow funds for such purposes as a large-scale investment project in Mexico, boosting interest-bearing debt to nearly ¥74.0 billion.

Interest-Bearing Debt Ratio

From FY2017 through FY2020, we maintained our debt ratio at the 30% level through ongoing efforts to strengthen our management of total assets and interest-bearing debt. Since FY2021, however, the debt ratio has been at the 40% level, owing to large new investments.

Item	Unit	FY2018	FY2019	FY2020	FY2021	FY2022	
Financial Indicators	Net sales	Million yen	235,361	218,712	183,647	191,892	261,156
	Operating profit	Million yen	6,580	4,088	3,072	1,142	2,038
	Operating margin	%	2.8	1.9	1.7	0.6	0.8
	ROE	%	6.9	0.8	-2.9	0.5	3.6
	Interest-bearing debt	Million yen	46,220	51,342	49,565	64,867	73,925
	Interest-bearing debt ratio	%	33.7	38.3	36.3	40.3	42.0
Environmental Indicators	CO ₂ emissions (per unit of production)	t-CO ₂ per million yen of sales	0.431	0.416	0.392	0.374	0.285
	Water resources used (per unit of production)	m ³ per million yen of sales	0.318	3.24	3.48	3.27	2.42
	Waste generated (per unit of production)	Tons per million yen of sales	0.020	0.021	0.023	0.021	0.018

Environmental Indicators

CO₂ Emissions

Target: Reduce CO₂ emissions per unit of production by 7.0% compared with FY2017 levels.

In FY2022, emissions were 0.285 t-CO₂ per million yen of sales (down 36.1% from FY2017).

Water Resources Used

Target: Reduce water resources used per unit of production by 5.5% compared with FY2017 levels.

In FY2022, water use amounted to 2.42m³ per million yen of sales (down 23.5% from FY2017).

Waste Generated

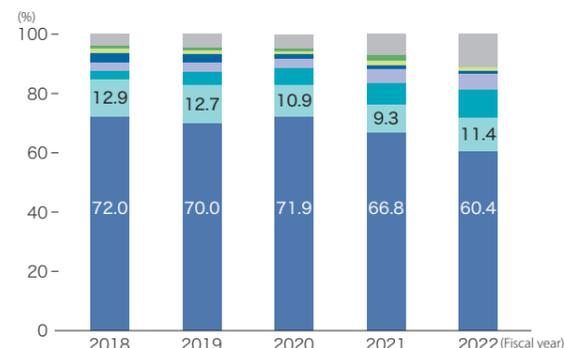
Target: Reduce waste generated per unit of production by 5.0% compared with FY2017 levels.

In FY2022, the Group generated waste of 0.018 ton per million yen of sales (down 23.0% from FY2017).

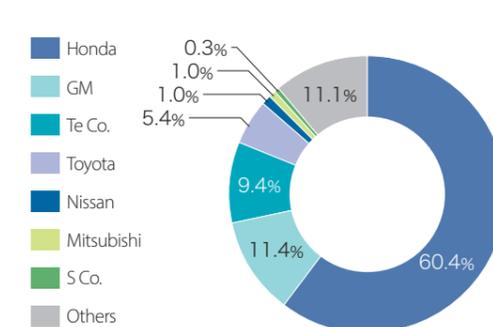
Details of environmental indicators are explained on page 46 of this report. In addition, we have revised some content compared with the previous year's report.

Other Data

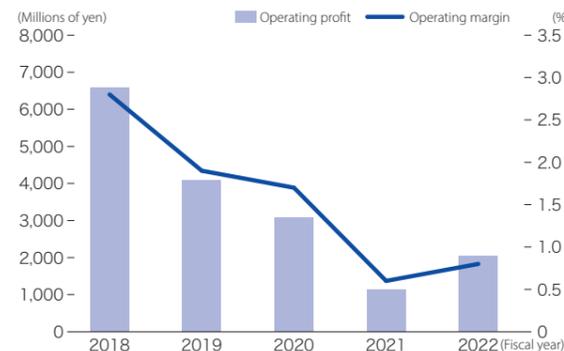
Share of Sales by Customer



Breakdown of Share of Sales by Customer in FY2022



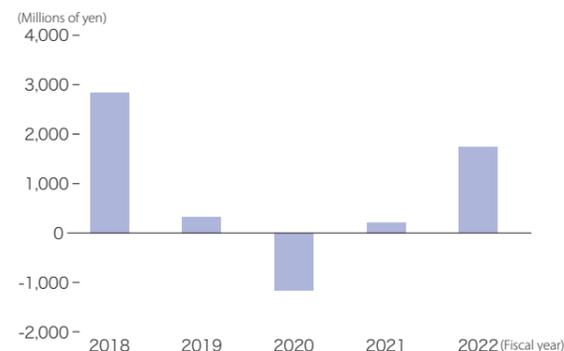
Operating Profit/Operating Margin



Total Assets/Equity Ratio



Net Income or Net Loss



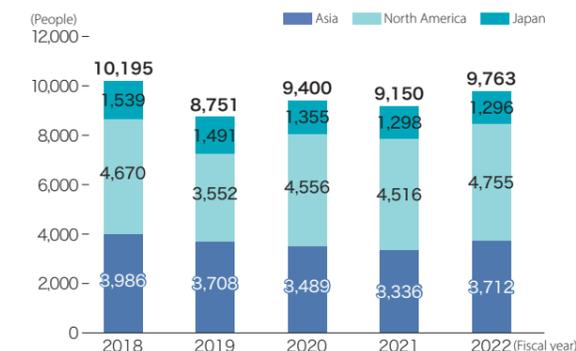
ROE, ROA/Earnings per Share



R&D Expenses/Capital Expenditures



Employees by Geographic Segment



Consolidated Balance Sheets and Consolidated Statements of Income (Fiscal Year Ended March 31, 2023)

Balance Sheets

(Millions of yen)

Assets	Line item	Amount
Current assets		72,603
Cash and deposits		5,491
Notes receivable - trade		628
Accounts receivable - trade		37,177
Merchandise and finished goods		5,296
Work in process		7,632
Raw materials and supplies		12,702
Other		3,729
Allowance for doubtful accounts		(55)
Non-current assets		103,534
Property, plant and equipment		92,284
Buildings and structures, net		18,884
Machinery, equipment and vehicles, net		45,363
Dies and tools, net		2,785
Land		6,059
Leased assets, net		724
Construction in progress		13,005
Other, net		5,461
Intangible assets		285
Software		248
Right of using facilities		36
Investments and other assets		10,965
Investment securities		7,464
Retirement benefit assets		253
Deferred tax assets		1,963
Other		1,283
Total assets		176,137

Statements of Income

Line item	Amount
Net sales	261,156
Cost of sales	242,414
Gross profit	18,741
Selling, general and administrative expenses	16,702
Operating profit	2,038
Non-operating income	
Interest income	97
Dividend income	59
Share of profit of entities accounted for using equity method	306
Foreign exchange gains	880
Other	343
	1,688
Non-operating expenses	
Interest expenses	1,758
Other	47
	1,806
Ordinary profit	1,921

(Millions of yen)

Liabilities	Amount
Current liabilities	75,544
Notes and accounts payable - trade	24,169
Short-term loans payable	27,832
Current portion of long-term loans payable	12,995
Lease obligations	1,247
Income taxes payable	942
Accounts payable - other	1,845
Notes payable - facilities	228
Provision for directors' bonuses	85
Other	6,198
Non-current liabilities	35,836
Long-term loans payable	29,908
Lease obligations	1,942
Deferred tax liabilities	2,707
Provision for directors' retirement benefits	53
Net defined benefit liability	1,003
Negative goodwill	33
Other	187
Total liabilities	111,380
Net assets	
Shareholders' equity	41,443
Capital stock	6,790
Capital surplus	6,733
Retained earnings	27,979
Treasury shares	(60)
Accumulated other comprehensive income	8,595
Valuation difference on available-for-sale securities	543
Deferred gains or losses on hedges	386
Foreign currency translation adjustment	7,731
Remeasurements of defined benefit plans	(65)
Non-controlling interests	14,717
Total net assets	64,756
Total liabilities and net assets	176,137

(Millions of yen)

Line item	Amount
Extraordinary income	
Gain on sales of non-current assets	26
Gain on negative goodwill	1,237
Gain on change in equity	153
	1,416
Extraordinary losses	
Loss on sales of non-current assets	12
Loss on retirement of non-current assets	24
	36
Profit before income taxes	3,300
Income taxes - current	2,398
Income taxes - deferred	(754)
Profit	1,657
Profit (loss) attributable to non-controlling interests	(77)
Profit attributable to owners of parent	1,734



Governance

The Company has established various departments and committees, such as the Compliance Committee, to enhance internal controls.

In particular, we have established the Sustainability Promotion Department and the Sustainability Committee to address the important issue of sustainability and ensure effective responses both internally and externally. We are committed to achieving fair and effective corporate governance, contributing to society through sustainable growth, and enhancing corporate value.

Corporate Governance System

Board of Directors

As the decision-making body for management issues, the Company's Board of Directors, consisting of five directors (including two outside directors), decides important topics related to business execution and legal matters, and monitors business execution. We have separated the management and business execution functions by introducing an executive officer system. This move was aimed at strengthening the Board of Directors' decision-making and oversight functions, thereby expediting the execution of business.

In addition, to ensure monitoring of management, F-tech has appointed two highly independent outside directors, whose external viewpoints are actively incorporated into management by receiving opinions and suggestions from multiple perspectives. Moreover, the directors' terms of office are limited to one year to facilitate the Company's ability to respond proactively to changes in the business environment.

Overseas Business

For the overseas business, directors who are also senior managing executive officers are appointed as a global chief SED officer and a global business management officer. These executives participate in the decision-making process for overseas group companies. The system is designed to enable an overall evaluation of investment appropriateness and business profitability.

Policy for Determining Remuneration

The Nomination and Remuneration Committee is a voluntary committee that advises the Board of Directors. A majority of committee members are independent outside directors, and the

committee aims to ensure the Company is transparent, fair, and rational in remuneration amounts and calculation methods for directors and other executives. The committee deliberates on the results of regular third-party surveys of corporate manager remuneration. The committee reports the results of its deliberation to the Board of Directors, and the board decides on remuneration.

Similarly, the Board of Directors resolves performance-linked remuneration following deliberation by the Nomination and Remuneration Committee of key indicators, target levels, and calculation methods.

Compliance Initiatives

In addition to complying with domestic and international laws and internal regulations, we have established "Compliance Regulations" to prevent harassment, including human rights violations. We also provide compliance training tailored to employees of different ages and job levels, and disseminate information through a monthly e-mail newsletter.

To facilitate anonymous reporting, we have established Corporate Ethics Kaizen Desks both internally and outside the Company, making it easy to offer suggestions. If a problem is discovered, the Corporate Ethics Committee meets, both to protect the whistleblower and to conduct investigations, study countermeasures, and issue instructions for improvement to the relevant department. Each of our overseas subsidiaries has set up either a suggestion box or a whistleblowing desk to promote a more open workplace environment.

Initiatives Addressing Risk

We have established Risk Management Regulations, and we strive to address and avoid various risks. The Risk Management

Committee is composed of the Production Planning Division Manager (who serves as risk management officer), the Management Planning Division Manager, and each individual division manager. The committee discusses specific measures, drawing on specialized input from each business.

The BCP (business continuity plan) Working Group prepares and updates department-specific manuals. In the event of a large-scale disaster or other unforeseen event, an emergency task force headed by the president is immediately established to determine countermeasure policies and to quickly restore and recover from the disaster.

In addition to these initiatives, we are also focusing on employee education, such as IT data protection utilizing data centers, stockpiling of food and disaster supplies, and regular training for disaster preparedness education and safety confirmation.



Compliance training



Compliance poster

Information Security Initiatives

We distribute Information Security Guidelines to all employees and strive to ensure a thorough understanding of these guidelines among employees. Minutes of Board of Directors and other important meetings are handled in accordance with our Regulations for the Management of Documents and Forms, Confidentiality Regulations, and Regulations on Information System Management. Contracts and other agreements are subject to Contract Management Regulations and are handled accordingly. In June 2022, we introduced CrowdStrike, an EDR/MDR product, to address unknown threats.

F-tech has a dedicated team manned 24/7 to monitor and respond to the needs of its clients. In addition to augmenting security, this team reduces the workload of the administrators.

In addition, the Information Security Committee conducted for the first time an emergency response drill based on the assumption of a security incident or accident.

After the training, we will formulate implementation guidelines for information security incident/accident countermeasures to enhance the accuracy of our response in the event of an accident so that we can respond quickly and appropriately.

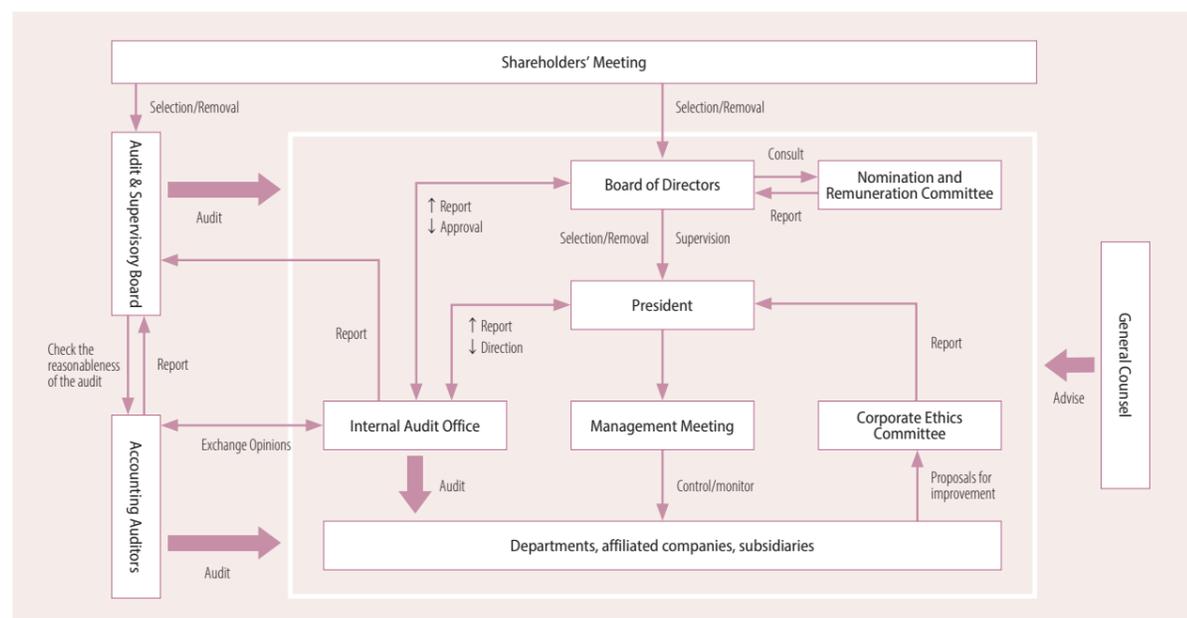
As the use of cloud services is expected to increase, we will promote the introduction of an authentication infrastructure to create an environment that offers both convenience and security.



Publication of a CrowdStrike case study

シナリオ	発生	検知	対応	事後対応	発生	検知	対応	事後対応
サイバー攻撃
...

Scenarios used in emergency response training



Sustainability Promotion Structure

Establishment of a Sustainability Promotion Department

We have been working towards achieving sustainable management, aiming to balance the realization of a sustainable society with the sustainable growth of the Company. However, the surrounding business environment, including climate change and population decline, has undergone significant changes. In response, we have established the Sustainability Promotion Department to further achieve the sustainable growth of the Company and society. The main purpose of this establishment is to formulate and promote measures related to sustainability activities and carbon neutrality, as well as to enhance various information disclosure initiatives.

We will continue working earnestly to solve social issues, always taking global trends and the Company's business model into account.

Establishment of a Sustainability Committee

We have established the Sustainability Committee, which is based on the Companywide CSR Committee, to further strengthen our commitment to sustainability. The committee is chaired by the president and CEO and is composed of department heads, section chiefs, and executive officers.

The committee deliberates the direction that the Company should take, and each department promotes initiatives to solve issues in accordance with the direction determined by the committee and reports the results. Furthermore, the Sustainability Committee collaborates with other specialized committees, such as the Compliance Committee, to function in a unified manner across the entire Company. The Sustainability Promotion Department, which serves as the secretariat, reviews

matters reported and discussed matters at management meetings and presents them to the Board of Directors. The Board of Directors uses this information as a reference to implement necessary governance and develop strategies for achieving a sustainable future. The Company will continue to maintain this structure and pursue sustainability initiatives.

Global Initiatives

Each year, the F-tech Group sends an F-tech CSR Verification Sheet to each of its 18 subsidiaries in Japan and overseas to enable self-assessments (193 questions covering environmental, labor and human rights, ethics, and sustainable materials procurement, among others). Based on the results, the Sustainability Committee secretariat takes the lead in overall evaluation and identification of issues for the Group, and then reports them to the Board of Directors. These efforts are conducted to strengthen corporate governance and internal controls, with a focus on addressing the issues that have been identified.

We are promoting various initiatives to reduce environmental impacts at each site, share activity status, create a working environment that facilitates a work-life balance, improve safety levels and overall quality throughout the Company, engage in dialogue and timely disclosure with stakeholders, and create a workplace environment that encourages open communication among all employees.

"Our Action Guidelines" and the accompanying explanatory document serve as the starting point for actions by Company employees to promote sustainability. We will continue to advance efforts to solve social issues and realize a sustainable society.

New Initiatives Targeting Sustainability and Social Responsibility

The F-tech Group has established new policies on ethics, human rights, and labor. Specifically, we have introduced the F-tech Group Ethics Policy, the F-tech Group Human Rights and Labor Policy, and the F-tech Procurement Basic Policy to strengthen the sustainability of the Company and to foster deeper trust with stakeholders. These initiatives are based on the three perspectives of promoting sustainability, conducting ethical business operations, and respecting human rights. We believe that these efforts will contribute to creating a better world and fulfilling our social responsibilities in a sincere manner. The F-tech Group will continue to work towards sustainability, guided by these new policies, in collaboration with all stakeholders, and strive to be a company that is expected by society and remains committed to sustainable business activities.

F-tech Group Ethics Policy

Introduction

The F-tech Group has established "Compliance with Laws and Regulations," "Compliance with Internal Rules," and "Fair Trade" as part of "Our Code of Conduct". The F-tech Group has recently established the F-tech Group Ethics Policy (hereinafter referred to as the "Policy") to further substantiate its ethical behavior.

After obtaining advice from outside experts and respecting the United Nations "Global Compact" adopted in July 2000 and the Keidanren "Charter of Corporate Behavior. This policy was approved by the Board of Directors of F-tech Inc. on November 21, 2023.

Through the implementation of this policy, we will work together with our stakeholders to engage in business activities in order to continue to be a company that society accepts. This policy is disclosed on the F-tech Group's website and is communicated to all stakeholders.

1 Basic Policy

The F-tech Group places the highest priority on ethics to conduct all of its actions, always complying with the laws and rules of each country in which it operates, and acting with social good sense to remain a highly law-abiding company. In addition, we shall comply with internal rules and regulations in order to build an equal and sound work environment with better communication. Furthermore, we will not follow unreasonable business practices and will work to prevent all forms of corruption, including profiteering, favors, extortion, and bribery that exceed socially accepted norms. We will also not have any relationships with political or administrative bodies or antisocial forces, and conduct free, fair, and sound business transactions.

The F-tech Group has established the following individual policies that embody and supplement important individual areas of compliance. The relevant policies, etc. are as follows

- Corporate Governance Guidelines (established November 2015, revised November 2021)
- Information Security Guidelines (established April 2019)
- F-tech Group Tax Policy (established March 2023)
- Supplier Sustainability Guidelines (established October 2023)

2 Scope (of a document)

This policy applies to all officers and employees (including temporary employees) of the F-tech Group (F-tech Inc. and its subsidiaries). The F-tech Group also expects all business partners of Ftech group to understand and support the contents of this policy and requests to comply with it.

3 Project Structure

The president of the board of directors has the highest responsibility for promoting compliance throughout the F-tech Group, and the director in charge of the administrative division is responsible for promoting compliance. The Compliance Promotion Manager holds the Compliance Committee meetings to promote compliance.

Role of the Compliance Committee

- Deliberations on the Group's overall compliance program and various measures
- Discussion of the progress of the F-tech Group's compliance program

Composition and Roles of the Compliance Committee

- Committee Chairman : Officer in Charge of Administration oversees, directs, and supervises the compliance program
- Committee Members : General Manager of each department establishes compliance system and makes sure of its adherence to policies in each department
- Executive office Administration Division: General Affairs Department, Administration Division: Promotion of the operation of the Compliance Committee under the direction of the chairperson

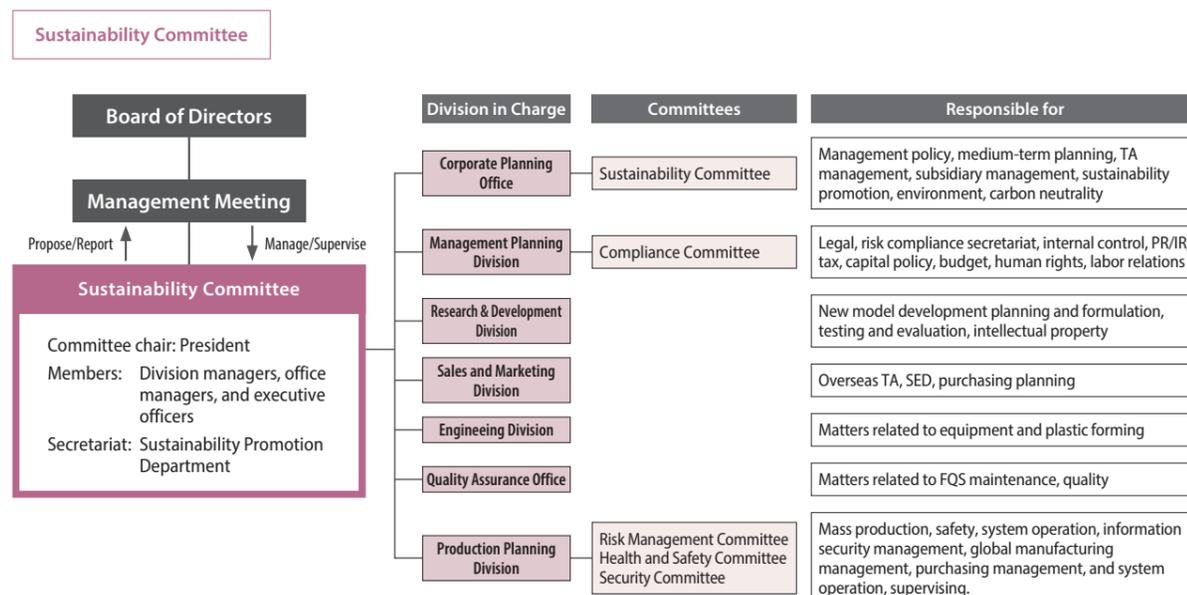
4 Matters considered in international norms

(1) Prohibition of corrupt practices

The F-tech Group shall not offer or promise any money, goods or other benefits to government officials or similar persons for the purpose of obtaining business profits. We shall comply with the anti-corruption laws and regulations of all countries in which we operate, and shall not engage in any corrupt acts, including bribery, breach of trust, embezzlement, and insider trading.

(2) Prohibition of Conflicts of Interest

In order to maintain fairness in its dealings, the F-tech Group will not engage in any conflicts of interest regulated by law in all countries in which it operates.



Sustainability Promotion Structure

(3) Prohibition of Fraud and Deception

The F-tech Group, in accordance with its belief that fraud is unacceptable, will strive to create an organization that does not engage in intentional acts of deception, misrepresentation or concealment of material facts, or complicity in crimes such as money laundering.

(4) Prohibition of anti-competitive practices

The F-tech Group will follow the laws and regulations of all countries in which it operates, including "prohibition of private monopolization," "prohibition of unfair restraint of trade (cartels and bid rigging)," and "prohibition of unfair trade practices," and will conduct business through free and fair competition.

(5) Ensuring Information Security

The F-tech Group is committed to the appropriate management of its information assets, the prevention of information security incidents, and the safe and accurate operation of its information assets.

5 Internal Reporting System

The F-tech Group has established a "F-tech Group Corporate Ethics Improvement Proposal Desk" both internally and externally for direct contact and consultation regarding human rights (harassment and working conditions), corrupt practices (bribery, anti-competitive practices, etc.), and violations of laws, regulations, and corporate ethics.

Proposals to the desk will be accepted from all employees of the F-tech Group. The privacy of the proposer shall be protected, and necessary measures shall be taken to ensure that the proposer will not be disadvantaged in the performance of his/her duties because of his/her proposal to the contact point. We will conduct fact-finding investigations to determine whether there are any legal or ethical issues with respect to the reports we receive. Depending on the importance of the suggestion, the Company will take internal disciplinary action, issue cautions and instructions, and alert employees via e-mail or other means.

6 Education

In order to create ethical awareness among all F-tech employees and to ensure that all employees are aware of the contact information for the Corporate Ethics Improvement Proposal Desk, we distribute the "Our Code of Conduct" pocket book and a guidebook for easy understanding. In addition, information is distributed through a monthly e-mail newsletter, as well as periodic compliance training will be provided to employees according to job level.

7 Understanding Ethics and Compliance Awareness

We conduct periodic questionnaires on stress checks at each workplace, and in the course of these checks, we review for sign of any occurrence of harassment and other problems. Based on the results of this analysis, each organization and workplace implements improvement measures, and the Compliance Committee monitors the progress of these measures.

F-tech Group Human Rights and Labor Policy

Introduction

The F-tech Group has established "Respect for Human Rights" as part of "Our Code of Conduct". The F-tech Group has recently adopted the corporate motto, "We will do our utmost to create value with high aspirations and sincerity from a global perspective, contribute to national society, and build a prosperous future. and the management philosophy "Respect for Humanity," and to further substantiate our respect for human rights, we have established the F-tech Group Human Rights and Labor Policy (hereinafter referred to as the "Policy").

This policy is guided by the United Nations Guiding Principles on Business and Human Rights, adopted in June 2011, and in accordance with international norms on human rights, including the United Nations Bill of Rights and the ILO Declaration on Fundamental Principles and Rights at Work, and after obtaining advice from outside experts, was approved by the Board of Directors of F-tech Inc. on November 21, 2023.

Through the implementation of this policy, we will work together with our stakeholders to engage in sustainable business activities in order to continue to be a company that society accepts.

This policy is disclosed on the F-tech Group's website and is communicated to all stakeholders.

1 Commitment to Respect for Human Rights

The F-tech Group recognizes that its business activities may affect the human rights of various internal and external stakeholders.

The F-tech Group respects human rights as expressed in the International Bill of Human Rights and the ILO Core Labour Standards listed in the Declaration on Fundamental Principles and Rights at Work. We also support the United Nations Guiding Principles on Business and Human Rights and work toward implementation in our business activities.

The F-tech Group shall comply with the laws and regulations of each country and region in which it operates. However, in cases where there is a conflict between the laws and regulations of each country or region and international human rights principles, we will seek to respect international human rights principles.

2 Scope (of a document)

This policy applies to all officers and employees (including temporary employees) of the F-tech Group (F-tech Inc. and subsidiaries).

The F-tech Group also expects all of its business partners to understand and support the contents of this policy and encourages them to comply with it.

3 Governance

The F-tech Group has established respect for human rights as one of its most important management issues, and will clarify the officers responsible for formulating and implementing this policy, establish an appropriate

internal system, and reflect the policy in its business policies and procedures.

4 Respect for Human Rights

The F-tech Group recognizes the following as key issues related to human rights and will promote initiatives to respect human rights. We will continuously review the policy as human rights risks may change with business development and business trends.

(1) Prohibition of discrimination and harassment

We will not engage in discrimination or harassment based on race, nationality, place of origin, gender, age, religion, creed, sexual orientation, gender identity, or disability.

(2) Prohibition of forced labor and child labor

We do not permit any form of forced or compulsory labor or the employment of children under the minimum age for employment as stipulated by the laws of each country or region.

(3) Respect for workers' rights

We will respect workers' rights to organize, bargain collectively, and act collectively, and will prevent low-wage labor and long working hours.

(4) Creation of a safe and healthy working environment

We will strive to maintain a safe and healthy working environment and promote the maintenance and improvement of the physical and mental health of our employees.

(5) Sharing human rights with business partners

We will share with our business partners our concern for human rights, labor, the environment, and anti-corruption, and engage in ongoing discussion regarding respect for human rights.

5 Practice of respect for human rights

(1) Human Rights Due Diligence

In order to fulfill its responsibility to respect human rights, the F-tech Group will establish a human rights due diligence system in accordance with procedures based on the United Nations Guiding Principles on Business and Human Rights, and shall continuously strive to prevent or mitigate negative impacts on human rights.

(2) Remedies and Corrections

When it becomes clear that F-tech Group has directly or indirectly caused or contributed to a negative impact on human rights, F-tech Group shall work to remedy the situation. As part of these efforts, the F-tech Group has established "F-tech Group Corporate Ethics Improvement Proposal Desk," which all directors and employees can consult with and report to, as well as "Contact Us" page on the F-tech Group's website will also allow stakeholders to report such matters.

(3) Education and Training

The F-tech Group conducts appropriate education and training for all officers and employees to ensure that the policy is properly understood and implemented.

(4) Communication and Consultation with Stakeholders

The F-tech Group will consult with outside experts and

engage in communicating and consulting with relevant stakeholders regarding implementation of this policy.

(5) Information Disclosure

The F-tech Group shall disclose information on its efforts to respect human rights through its website and other means.

F-Tech procurement Basic Policy

The F-tech Group continues to promote fair, just, and transparent transactions in accordance with Mission Statement, Our Action Guidelines, and various other policies. We are committed to fostering a spirit of coexistence and mutual prosperity with our business partners.

Open and Fair Transactions

In its procurement of materials and parts, F-tech Group conducts purchasing activities that support appropriate corporate activities through fair, equitable, and open transactions both in Japan and overseas. In selecting suppliers, we make comprehensive evaluations and judgments from a variety of perspectives, including quality, technology, price, delivery time, stability, and commitment to continuous improvement and systems.

Partnership with Business Partners

We will strive for mutual understanding with our business partners as a good partner producing better products, and build a relationship of trust with the idea of coexistence and mutual prosperity by making full use of mutual wisdom and ingenuity from an equal standpoint.

Promotion of Green Purchasing

In order to improve environmental conservation efforts, the F-tech Group considers environmental management activities in the supply chain to be essential. We distribute the F-tech Environmental Policy and seek understanding and cooperation from our business partners to aim for the purchase of environmentally friendly materials and components with minimal environmental impact. Furthermore, we strive for logistics efficiency in order to reduce the environmental impact of transportation.

Consideration for Human Rights and Labor

The F-tech Group conducts procurement activities that give consideration to human rights and labor, both in Japan and overseas. We avoid the procurement of raw materials and parts that have not given due consideration to conflict minerals and the like.

Compliance with Laws and Regulations

The F-tech Group complies with all applicable laws, regulations, and social norms in each country and region in which it conducts its purchasing activities, and ensures that confidentiality is maintained.

Directors and Auditors

Directors

Yuichi Fukuda

President & CEO



Significant Concurrent Positions Outside the Company
None

Career Summary

- Dec. 1994 Joined the Company
- Jun. 2004 Director
- Jun. 2008 Director & Senior Managing Executive Officer
- Mar. 2010 Division Manager of Management Planning Division
- Apr. 2012 Chief Sales & Marketing Officer and Regional CEO of North America
- Apr. 2013 Chief Domestic Business Officer
- Apr. 2014 Director & Executive Vice President
- Apr. 2015 **President & CEO (current position)**
- Dec. 2021 **Member of Nomination and Remuneration Committee (current position)**

Hajime Fujitaki

Director & Senior Managing Executive Officer
Global Chief SED Officer



Significant Concurrent Positions Outside the Company
None

Career Summary

- Aug. 1981 Joined the Company
- Jun. 2004 Senior Operating Officer
- May. 2008 President of F&P America Mfg., Inc.
- Apr. 2012 Division Manager of Quality Assurance Division
- Jun. 2012 Director & Managing Executive Officer
- Apr. 2013 Division Manager of Production Planning Division
- Apr. 2016 Division Manager of Sales & Marketing Division
- Apr. 2017 Division Manager of Sales & Marketing Division and Regional CEO of Asia
- Apr. 2020 **Director & Senior Managing Executive Officer (current position)**
- Apr. 2020 **Global Chief SED Officer (current position)**

Hiroyuki Aoki

Director & Senior Managing Executive Officer
Division Manager of Management Planning Division
Global Business Management Officer



Significant Concurrent Positions Outside the Company
None

Career Summary

- Aug. 2015 Joined the Company as Assistant Division Manager of Management Planning Division
- Apr. 2016 Senior Operating Officer
- Apr. 2016 **Division Manager of Management Planning Division (current position)**
- Jun. 2016 Director and Senior Operating Officer
- Apr. 2020 **Director & Senior Managing Executive Officer (current position)**
- Apr. 2020 **Global Business Management Officer (current position)**

Naoko Tomono

Director Outside Independent



Significant Concurrent Positions Outside the Company
Partner of T and T PARTNERS LAW OFFICE
Outside director of Taisei Lamick Co., Ltd.

Career Summary

- Apr. 1988 Joined Sogo & Seibu Co. Ltd. (formerly Seibu Department Store Co. Ltd.)
- Dec. 2008 Registered as an attorney at law (Daini Tokyo Bar Association)
- Jan. 2009 Joined T and T PARTNERS LAW OFFICE (formerly Takagi Yoshiko LAW OFFICE)
- Jan. 2013 **Partner (current position)**
- Jun. 2016 **Outside director of Taisei Lamick Co., Ltd. (current position)**
- Jun. 2017 **Outside director of the Company (current position)**
- Dec. 2021 **Chairperson of Nomination and Remuneration Committee (current position)**

Nobuhiro Koga

Director Outside Independent



Significant Concurrent Positions Outside the Company
Professor, Faculty of Fundamental Engineering, Nippon Institute of Technology
Chairperson, Industry-University Cooperation and Entrepreneurial Education Center, Nippon Institute of Technology
Director, Association of Saishin Collabo Sangakukan industry-academic-government collaboration (current position)

Career Summary

- Apr. 1996 Associate Professor, Faculty of Fundamental Engineering (formerly Department of Mechanical Engineering), Nippon Institute of Technology
- Apr. 2002 Professor, Faculty of Fundamental Engineering (formerly Department of Mechanical Engineering), Nippon Institute of Technology (current position)
- Apr. 2013 Chairman, Industry-University Cooperation and Entrepreneurial Education Center, Nippon Institute of Technology (current position)
- May. 2016 Director, Association of Saishin Collabo Sangakukan industry-academic-government collaboration (current position)
- Jun. 2018 **Outside Director of the Company (current position)**
- Dec. 2021 **Member of Nomination and Remuneration Committee (current position)**

Auditors

Yasuyuki Ikezawa

Full-time Auditor



Significant Concurrent Positions Outside the Company
None

Career Summary

- Apr. 1980 Joined the Company
- Apr. 2002 Administration Block Leader of Development Planning Office
- Jun. 2004 Administration Block Leader of Kuki Plant
- Mar. 2009 Administration Block Leader of Kameyama Plant
- Apr. 2013 Director of F&P Mfg., Inc.
- May. 2016 Managing Director of F&P Mfg., Inc.
- Jun. 2018 **Full-time Auditor (current position)**

Michiaki Nakanishi

Full-time Auditor



Significant Concurrent Positions Outside the Company
None

Career Summary

- Apr. 1985 Joined The Hyakugo Bank, Ltd.
- Jun. 2013 General Manager of Kameyama Branch, The Hyakugo Bank, Ltd.
- Jun. 2015 Business Promotion Officer of Branch Management Division, The Hyakugo Bank, Ltd.
- Jul. 2017 Joined the Company
- Apr. 2018 General Manager of Internal Audit Office
- Apr. 2020 Personnel Department, Management Planning Division
- Sep. 2020 Director of F&P Mfg., Inc.
- Jun. 2023 **Full-time Auditor (current position)**

Hiroshi Takahashi

Auditor Outside Independent



Significant Concurrent Positions Outside the Company
Director of Non-life Insurance Policy-holders Protection Corporation of Japan
Chairperson of Egusa Foundation for International Cooperation in the Social Sciences
Advisor of Atsumi & Sakai
Representative Director and Vice Chairman of Japan Institute of Business Law

Career Summary

- Aug. 1985 Professor, Faculty of Law, The University of Tokyo
- Dec. 1998 **Director of Non-life Insurance Policy-holders Protection Corporation of Japan (current position)**
- Apr. 2007 Executive Vice President of The University of Tokyo
- May 2009 Professor Emeritus of The University of Tokyo
- Jun. 2009 Special Counsel of Mori Hamada & Matsumoto
- Feb. 2010 Director of Japan Institute of Business Law
- Jun. 2017 **Chairperson of Egusa Foundation for International Cooperation in the Social Sciences (current position)**
- Apr. 2018 **Advisor of Atsumi & Sakai (current position)**
- Jun. 2019 **Outside Auditor of the Company (current position)**
- Jun. 2022 **Representative Director and Vice Chairman of Japan Institute of Business Law (current position)**

Kenichiro Masuda

Auditor Outside



Significant Concurrent Positions Outside the Company
President of The Saitama Resona Foundation for Industrial and Economic Promotion
Outside Auditor of Daizo Corporation

Career Summary

- Apr. 1984 Joined Saitama Bank, Limited (currently Saitama Resona Bank, Limited)
- Jun. 2011 Executive Officer, General Manager of Group Strategy Division, Resona Holdings, Inc.
- Apr. 2013 Executive Officer, Resona Bank, Limited
- Apr. 2013 Executive Officer, Resona Holdings, Inc.
- Apr. 2016 Director and Managing Executive Officer, Saitama Resona Bank, Limited
- Apr. 2018 Representative Director and Senior Executive Officer, Saitama Resona Bank, Limited
- Jun. 2019 President and Representative Director, Resona Guarantee Co., Ltd
- Apr. 2022 **President, The Saitama Resona Foundation for Industrial and Economic Promotion (current position)**
- Jun. 2022 **Outside Auditor of the Company (current position)**
- Oct. 2022 **Outside Auditor of Daizo Corporation (current position)**

Skill Matrix

Name/Item	Gender	Independence	Corporate Management	Technology/ Development	Production/ Engineering	Sales/ Procurement	Finance/ Accounting	Legal/Risk Management	Governance/ CSR	Academic Experience	Overseas Experience
Yuichi Fukuda	Male		○		○	○	○				○
Hajime Fujitaki	Male			○	○	○					○
Hiroyuki Aoki	Male						○	○	○		○
Naoko Tomono	Female	Outside/ Independent						○	○		
Nobuhiro Koga	Male	Outside/ Independent		○						○ (Engineering)	



Social

The Company actively discloses its efforts to nurture the individuality and enthusiasm of each employee, demonstrating a growing awareness of the importance of human capital. These efforts include talent development and creating a healthy working environment. Additionally, as a member of the local community, the Company engages in social contribution activities such as clean-up campaigns and food drives, aiming to contribute to the creation of a sustainable and prosperous society.

Efforts to Enhance Corporate Value by Cultivating Human Resources

Message from the Executive in Charge of Human Resources

Hiroyuki Aoki
 Director & Senior Managing Executive Officer
 Management Planning Division Manager



To date, many companies have regarded personnel as a cost necessary to provide the labor for business operations, referring to them as "human resources." However, in recent times, there has been a shift in thinking to consider personnel as an element of a company's capital and need to maximize their value, along with the recognition that this is necessary for enhancing corporate value.

As part of its management strategy, the Company aims to strengthen its earning power by pursuing the essence of manufacturing and achieving a sounder financial structure. It also aims to create opportunities for growth businesses and pursue sustainable management. To ensure the successful implementation of its management strategy, the Company will focus on enhancing its human capital in tandem with its efforts to augment corporate value.

Human Resource Strategy

The Company is committed to helping to develop employees' capabilities through efforts tailored to individual growth stages and careers. We seek to harness employees' motivation and take advantage of their individuality, based on our management strategy, in order to maximize their abilities. Furthermore, recognizing that the abilities and values of diverse talents, regardless of gender, nationality, or race, enhance a company's creativity and improve its corporate value, we aim to actively recruit diverse personnel and create an organizational culture and work environment where diverse talent can work and thrive in a healthy manner.

Nurturing People

Mentoring System

In July 2019, we launched our "takumi" (mentor) system to provide a new way for retired employees to work, boosting retirees' motivation while passing on their skills. In this system, our talented workers with advanced skills are recognized as "takumi," and they play the important role of instructors who pass on their skills to their successors. Their remuneration is determined according to their roles and responsibilities.

Number of rehired retirees (mentor candidates) (As of September 30, 2023)

- Total number rehired as part-time employees: 49
- Of whom, rehired as takumi mentors: 16

In addition to providing an environment for people to work, we also offer life planning seminars and other information to help people think about working after retiring at 60.

Cultivating Human Resources Capable of Acting Autonomously Working to Enhance Engagement

In FY2023, the Company launched "F.Career Design Advance," a career development and engagement enhancement program based on the F.Career Design program that was briefly implemented by the Company's president in 2014. The program targets approximately 70 influential employees, including those at subsidiaries, and consists of 10 sessions. Its objective is to enhance employee engagement and reassess career plans.

This program provides an opportunity to learn about the essence of the Company's corporate philosophy and values, its founding story, and its history of taking on challenges, as well as the current situation the Company faces. Participants will also

receive direct explanations from top management regarding the future direction the Company should take and the qualities required to compete globally. In dialogue with top management, participants have expressed appreciation for the program, stating that it has allowed them to reaffirm the meaning behind our mission statement and corporate philosophy, understand the qualities the Company seeks in its employees, and clarify their own roles. We will continue to offer this program going forward.



Training and Education

The Company is committed to human resource development that maximizes the motivation and individuality of each employee and helps them embody elements of our management philosophy, of having a "challenging spirit" and "respecting people."

We provide various types of training programs to support the development of our employees based on their growth stage and career. These programs include "hierarchy-based education," which focuses on providing new employees with fundamental knowledge on the significance of work and safety, as well as leadership training for newly appointed managerial positions from a management perspective. We also offer "purpose-based education" to nurture people who excel in specific areas, such as those working at overseas locations. Additionally, we have "job-specific education" programs to develop professionals in various fields. Furthermore, we encourage self-development by providing opportunities for employees to enhance their skills and knowledge. Through these initiatives, we strive to foster the growth of each individual and support their career progression.

Aiming to Create a Work Environment That Is Comfortable for Everybody

F-tech's HR Development System

Guided by its philosophy of "respecting people," the Company focuses on human resource development so that each and every employee can achieve personal growth. We provide a wide range of educational and training programs, including onboarding

programs for new employees who are taking their first steps into the professional world, training tailored to different levels and functions, and opportunities for self-development in pursuit of further skill enhancement. By realizing individualized development based on each employee's goals, the Company creates an environment where people can achieve maximum performance.

Employee Training Structure

Level	Level-Based Training	Objective-Based Training	Job-Specific Training					Self-Development
			Health and Safety	Quality	Environment	Management, Other	Workplace-Specific Training	
Management General manager Department manager Section manager	Senior chief administrator/senior chief engineer	Management training						English conversation, correspondence education
	Chief administrator/chief engineer	New management training						
	Staff administrator Staff engineer General	Supervisor training Mid-career employee training						
General General New employees	General	General						
	General	General						
	New employees	Training for new employees						

Utilizing Diverse Human Resources

Promoting the activities of Female Employees

F-tech strives to create a workplace where all employees, regardless of gender, can demonstrate their individuality and abilities. In departments such as manufacturing, engineering, development, and procurement, which have historically been predominantly male, we are actively working to improve the work environment and promote the assignment of women, enabling them to work in various fields throughout the Company. Until a decade ago, it was uncommon for women to work in manufacturing sites that dealt with sheet metal, for example. However, with the use of support equipment, it is now possible for women to handle such tasks, and expectations toward the cultivation of female technicians is growing. Going forward, based on the Act on the Promotion of Women's Active Engagement in Professional Life, we will further expand the opportunities for women to excel and continue to make efforts in the areas of recruitment, promotion, and leadership development. To promote the active participation of women, we also need to reassess men's working styles. We will strive to create an environment where both men and women can have a fulfilling social life by balancing work and personal life.



disabilities, participating in information exchange meetings with special needs schools, among other initiatives. We strive to create an environment where individuals can work with a sense of fulfillment, taking into account the extent of their disabilities while maximizing their abilities. Currently, we maintain employment rates that surpass statutory requirements. In FY2022, our employment rate was at 2.6% (23 people) compared with the statutory rate of 2.3% (20 people).

Employing Foreign Nationals

The F-tech Group has 19 overseas locations, and collaboration with each of these locations is essential for the overall growth of the Group. Furthermore, overseas sales account for approximately 90% of the Group's total sales, underscoring the need to actively work on the globalization of our business and our workforce.

To promote employment diversity, we actively recruit international students in our hiring of new graduates. Since 2013, we have also participated in the Boston Career Forum to recruit Japanese and foreign students studying abroad.

To date, we have hired 18 foreign nationals through recruitment activities in Japan and 15 people through the Boston Career Forum.

We also welcome technical and short-term trainees from overseas locations.

In Japan, we strive to create a working environment that is comfortable for people who do not read Japanese by employing multilingual signage and manuals, as well as promoting interaction through internal events.



Promoting the Active Participation of People with Disabilities

F-tech actively promotes the employment of people with

VOICE Flexible Workstyle Initiatives

On Cultivating People (Cultivation through the Overseas Recruiting System)

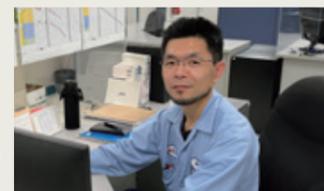
I am Yoji Takano, and I have been working at F&P as a quality assurance officer since April 2022. I was assigned to my current position through the overseas recruiting system introduced in FY2021.

Until my transfer to F&P, I had no experience working overseas. However, during my business trips for the Quality Assurance Department, I saw firsthand that things considered normal in Japan were not being done at our overseas locations. This experience made me realize the need to strengthen production and operational capabilities at our overseas bases. Additionally, F-tech's overseas sales ratio has now reached approximately 90%, so overseas markets have become our main focus. This fueled a strong desire to take on improvement initiatives at our overseas locations.

Around that time, I applied for an open position as an expatriate, and after comparing it with the type of work I was



Yoji Takano
F&P Mfg., Inc.



looking for, I decided to apply to work at F&P.

My English is by no means good. However, through daily study by working to understand those around me, I can now communicate in English in my daily interactions.

Having actually worked as an expatriate, I realized that there are many things that you can't fully understand just by going on business trips abroad. I feel the differences between Japan and other countries in various aspects, such as the way people approach and carry out work and tasks. It is important to thoroughly understand the ways local offices work in order to succeed in anything. I believe that these are things that can only be understood when you actually working alongside local superiors and colleagues.

As part of the F-tech family, I will work toward the further of overseas locations, leveraging my valuable overseas working experience.

VOICE Flexible Workstyle Initiatives

Understanding Diversity and Improving Quality (Diversity Management)

I am currently working at the Quality Assurance Department at F&P, utilizing the experience in quality management systems and on-site improvement activities that I gained in Japan. Canada is a country of immigrants, and F&P has a large number of employees from around the world. In the production area, there are many workers of Indian descent, and we create and use work instructions in the other languages for workers who do not understand English. Additionally, unlike Japan, where male employees dominate in certain departments, women play a more active role, and there are many women in managerial positions. The company places a strong emphasis on diversity management. In terms of education, we have a training room where we provide training for new



Hikaru Tomonaga
F&P Mfg., Inc.



employees, education on quality, environment, safety, and health, IATF16949 as well as training on welding skills. It has been a year since I was assigned here, and I am grateful that all the employees have welcomed me warmly. As someone who naturalized to Japan and is currently working in Canada, I have once again realized the importance of mutual respect in building good relationships with colleagues in a multicultural environment. I have frequent discussions and exchanges of opinions with local staff members in various situations. By understanding and accepting the culture and customs of others and respecting diversity, we can earn trust, which I believe has a significant impact on building relationships with people.

Aiming to Bolster Safety Levels throughout the Group

Creating a Comfortable Working Environment

F-tech emphasizes the importance of work-life balance. We believe that in order to work with a sense of fulfillment, it is necessary to have a fulfilling personal life as well. Under the principle of respecting human dignity, F-tech strives to be a Company where all employees, not just those with childcare or caregiving responsibilities, have a comfortable and supportive work environment. This is a goal shared across the entire Group.

Reducing Overtime Hours

We take a proactive stance toward reducing working hours through labor-management cooperation and time management. In FY2022, average monthly overtime hours were down 2.6 hours from the previous year, to 3.7 hours. We have introduced a flextime system at the Haga Technical Center to enable employees to balance their personal lives and work more efficiently. This system has been gradually expanded to other departments, enabling employees to adjust their working hours according to the demands of their assigned tasks. This has helped to reduce overtime hours.

Keeping Overtime Hours within 20 Hours per Month

Fiscal year	2020	2021	2022
Average monthly overtime hours	5.9H	6.3H	3.7H

Promoting the Use of Annual Paid Leave

F-tech has set the goal of having all employees use up their annual paid leave before it expires by the statute of limitations, and we have reached this goal among regular employees for 24 consecutive years. Each department creates a plan for utilizing annual paid leave and provides progress updates at meetings every three months to ensure progress is carefully managed. Additionally, the Company has revised its policies to allow employees to take leave in half-day increments up to 20 times per year. This encourages people to take leave and provides flexibility to accommodate a work-life balance, including childcare and caregiving responsibilities.

Aiming to Completely Eliminate Paid Leave Expiration

Goal Achieved for 24 Consecutive Years

Helping to Balance Work alongside Childcare and Nursing Care

We promote the following working environment initiatives targeting employees who are raising children or caring for family members. Our aim is to foster a cooperative work environment with mutual understanding between supervisors and subordinates.

1. We provide the "Guidebook for Supporting a Balance between Work and Childcare/Nursing Care" on the Company's portal site.
2. We hold explanatory meetings for managers on revisions to the Act on Childcare Leave, Caregiver Leave, and Other

Measures for the Welfare of Workers Caring for Children or Other Family Members.

3. We post notices encouraging male employees to take childcare leave.

People Returning to Work Following Childcare Leave

People Taking Childcare Leave	2018	2019	2020	2021	2022
Men	1	3	1	4	5
Women	6	3	6	1	3
Total	7	6	7	5	8
Returnees	6	6	7	5	8 (expected)

100% of eligible women took maternity leave (ratio of pregnant women who took maternity leave)

96.9% return-to-work rate (rate of men and women who returned to work after taking leave)

- Employees can work shorter hours when providing childcare to children until the end of the third grade of elementary school, which exceeds the legal requirement. (Currently 13 employees are using this system.)
- Employees can take nursing care leave up to three times for a maximum of one year per family member, which is longer than legally mandated.

In 2015, we introduced a general employer action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, administered by the Ministry of Health, Labour and Welfare.

From April 2018 to March 2021, we worked on the following initiatives:

1. Conducting explanatory sessions on childcare support systems for managerial employees.
2. Implementing a system of interviews before and after taking childcare leave.

As a result of these efforts, we obtained the Kurumin certification for the second time in August 2021.



Human Rights Awareness Initiatives

In line with the Company's philosophy of respecting people, we conduct training for employees and disseminate information through monthly newsletters to prevent various forms of harassment, including child labor and forced labor, and to promote the respect for human rights.

We have established anonymous reporting channels internally and externally to address any potential human rights violations or compliance issues, ensuring a supportive environment where employees can feel secure in seeking assistance. We strive to create a workplace with an open and transparent atmosphere.

Conducting Health Checkups

To maintain and improve the health of our employees, which are a vital corporate resource, we conduct annual health checks for all employees. Additionally, we have established a system to partially subsidize the cost of comprehensive health examinations for employees who wish to have more sophisticated checks.

Groupwide Efforts to Embrace a Safety Policy Aimed at Zero Accidents

F-tech* and Fukuda Engineering Co., Ltd. have set a Companywide safety policy for FY2022: "We aim to improve the safety level at all of our sites by globally standardizing and sharing safety and health rules." Accordingly, they continue to implement occupational health and safety activities throughout the Group.

In addition, to comply with revised health and safety legislation, we established consistent safety evaluations and rules (routine/non-routine work) and undertook initiatives to achieve zero lost-workday accidents and also prevent accidents that do not involve lost workdays.

In FY2023, as in FY2022, we will continue working toward our goal of zero accidents by further building on our existing efforts.

*Head office, Kuki Plant, Kameyama Plant, Haga Technical Center and Kazo Equipment Center

Establishing a Groupwide Health and Safety System

In accordance with our reporting criteria, in the event of a business accident occurring at a domestic or overseas location of the F-tech Group, we share information immediately throughout the Group, including information about countermeasures. We have established an awareness-raising system to prevent similar accidents from recurring. We conduct prompt and thorough inspections in the event of an operational accident or accident that causes major physical damage, revealing dangers that were formerly hidden. Based on the results of such inspections, we conduct initiatives at Group locations such as reviewing safety rules and criteria.

System for Sharing Information about Operational Accidents within the Group

Location	Type of Accident	Disaster Communication Network		Management Meeting Reporting
Overseas sites	Category B or higher accident <small>Note: Excludes accidents that are unclear, such as those involving muscular pain (at the discretion of the base director)</small>	In the event of a serious accident (Category S accident or a fatal traffic accident), the safety supervisory officer (Production Planning Division Manager) is contacted immediately. After that, information is sent via the accident communication network.		Reported once per month to the Management Meeting
Domestic plants	Covered by workers' compensation All accidents	Information shared via the accident communication network		Regular reports on domestic and international accidents at monthly Management Meetings
Reporting Methods		Telephone, fax, e-mail	Accident bulletin, e-mail	

Standard Categories for Operational Accidents

Category	Description
S	Death or loss of function or significant disability
	Death Severe residual disability (permanent total/partial incapacity for work, Categories 1 to 14)
A	Requiring ongoing therapy and involving partial or temporary loss of function (Requires the findings of a medical specialist or occupational physician)
B	Temporary medical treatment action is required (requiring the findings of a medical specialist or occupational physician) • Requires examination at a medical institution or diagnosis/treatment by a physician but not requiring absence from work for continuous treatment for four days or more • Back pain/tendonitis requiring a corset or other protective device
C	Items that can be handled with first aid and confirmation of examination (keeping a record of location, contents, treatment, etc.) • Cuts that do not require special hemostatic treatment and can be treated with first aid such as bandages • Bruises, sprains, or burns that can be treated with ointments or compresses

Launch of the 15th Mid-Term Business Plan Aiming to Enhance Customer Satisfaction by Pursuing the Essence of Quality

We share information about accidents in different industries to reinforce our system for preventing operational accidents.

Utilizing networks that involve our customer base and industry associations in the automotive parts sector, we share information about operational accidents not only among similar businesses within the F-tech Group (steel sheet pressing industry), but also with automobile dealerships. This allows us to identify potential hazards in the workplace and further strengthen operational accident prevention measures across F-tech Group facilities, both in Japan and overseas.

Management chart showing results of regular inspections

項目	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
1. 設備点検・保守実施率	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2. 設備異常発生率	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3. 安全衛生教育受講率	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
4. 労働災害発生率	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Safety countermeasures plan at a site in Mexico

項目	内容	進捗状況	1	2	3	4	5	6	7	8	9	10	11	12
安全衛生教育の実施	労働者の安全意識を高めるための教育を実施する	毎月実施している	○	○	○	○	○	○	○	○	○	○	○	○
安全衛生教育の受講率	労働者の安全意識を高めるための教育の受講率を向上させる	100%	○	○	○	○	○	○	○	○	○	○	○	○
安全衛生教育の実施状況	労働者の安全意識を高めるための教育の実施状況を把握する	毎月実施している	○	○	○	○	○	○	○	○	○	○	○	○
安全衛生教育の実施状況	労働者の安全意識を高めるための教育の実施状況を把握する	毎月実施している	○	○	○	○	○	○	○	○	○	○	○	○

Back to Basics: Quality Deployment under the 15th Mid-Term Business Plan

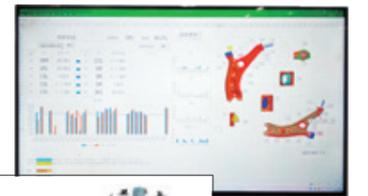
Last year was the final year of the 14th Mid-Term Business Plan. The F-tech Group focused on quality improvement with the goal of optimizing value provided and maximizing customer satisfaction. We made progress in improving quality indicators such as customer registration issues and in-process waste, earning us quality awards from major customers in various regions. However, we also saw the emergence of risks that could negatively impact quality, particularly in North America, due to increasingly volatile production levels and labor shortages. We recognize the need to address these risks to prevent them from manifesting. Against this backdrop, for the 15th Mid-Term Business Plan, we have established a quality policy, of “enhancing customer satisfaction by pursuing the essence of quality.” In addition, we will prioritize the promotion of two key initiatives across all locations.

The first initiative, “enhance supervisors’ skills,” recognizes the growing role and importance of supervisors. In an ever-changing landscape, supervisors must be leaders in the pursuit of excellent quality. We will reinforce our training and development to ensure that supervisors have the knowledge and skills to effectively convey quality management to the workplace and control quality reliably on a daily basis. Under the second initiative, “reinforce operational oversight,” we will enhance the daily confirmation and monitoring of operations on production lines. By improving the understanding of and adherence to instructions, we aim to enhance the quality of work and ensure compliance.

To achieve our objectives for the final year of the 15th Mid-Term Business Plan, we will recommence the Global Quality Joint Conference that was postponed due to COVID-19. In this way, the entire F-tech Group will come together and strengthen its quality-enhancement activities.

Challenge for New, Better than Ever Promoting Quality Control DX

To prioritize our pursuit of the essence of quality, we will use artificial intelligence and other information technologies to make quality control more efficient. First, we have developed an internal system (Q-FIND¹) that allows us to share quality information across the F-tech Group. This system enables all employees to share the content and trends of past issues based on the latest quality records, and utilize them for further quality improvement. Second, through SQC², we are digitizing our daily quality control activities and striving to utilize the results in a timely manner.



*1 Quality Ftech Information Network Database



*2 Statistical quality control (SQC)



Quality Awards Received from Customers in Various Regions

Last fiscal year, our quality improvement initiatives, stable new-model launches, and products generated high praise and earned us numerous quality-related awards from major and new customers. We will continue to promote efforts to enhance customer satisfaction.

Key Awards

- GM’s “Supplier of the Year Award” (Second consecutive year)
- Nissan’s “Global Supplier Award”
- Honda (HCM)’s “Honda Delivery & Quality Award”
- Toyota Auto Body’s “Excellent Quality Award”



VOICE

Flexible Workstyle Initiatives

The Experience and Value of Parental Leave

(Paternal Leave)

Daisuke Minemura
Administrative Section,
Manufacturing Department,
Kuki Plant

I am currently working in the Administrative Section of the Kuki Plant’s Manufacturing Department, where I am mainly responsible for product shipping operations. In July 2022, my second son was born, and I took one month of parental leave. At first, I had some concerns about taking long-term leave, but parenting turned out to be even more challenging than I expected, making me forget about any worries. However, the time spent with my family was extremely meaningful, and I am grateful that I had the opportunity to witness my son’s growth.

In addition, it helped me to understand my wife’s struggles in balancing responsibilities of housework and

childcare. Furthermore, I took on the task of picking up and dropping off our eldest son at daycare, which allowed me to gain a deeper understanding of that environment. During the car rides, I was able to enjoy precious one-on-one conversations with my son, which, looking back, I realize were invaluable moments.

I was able to take this leave thanks to the understanding and cooperation of my colleagues and superiors. I am grateful to everyone who helped share my workload, and I hope that in the future, there will be an even more conducive environment for male employees to take such leave.

We aim to increase management transparency and achieve sustainable growth through timely and appropriate disclosure.

Appropriate Disclosure

(F-tech Corporate Governance Guidelines, Article 14)

In its aim to build a relationship of mutual trust with all stakeholders, including shareholders, the Company ensures management transparency by disclosing fairly and in a reader-friendly manner information, including legal disclosures, management policies, financial status, and business initiatives, as well as procedures and reasons in the appointment of the senior management and nomination of, directors, and Audit & Supervisory Board Member candidates.

Constructive Dialogue with Shareholders

(F-tech Corporate Governance Guidelines, Article 34, Paragraph 1)

Based on the recognition that constructive dialogue with shareholders is essential to enhance sustainable corporate growth and increase corporate value over the medium term, F-tech uses every effort to engage in such mutual dialogue.

Policy Related to Constructive Dialogue with Shareholders

Based on the recognition that meaningful dialogue with shareholders is essential to enhance sustainable growth and medium-term corporate value, F-tech approaches these dialogues based on the following policies.

- 1 To the extent reasonable, dialogues with shareholders are conducted by the president and CEO, the director responsible for IR oversight, other management, or managers from the division responsible for IR.
- 2 The division responsible for IR shall collaborate with and engage in meaningful dialogue with the internal related divisions.
- 3 We shall explain to our shareholders in an understandable manner, the strategies, investments, and Key performance indicators (KPIs) related to the mid-term business plan, and endeavor to disclose information for shareholders to determine medium-term corporate value.
- 4 Division responsible for IR plans to conduct multiple IR activities such as individual interviews, including financial results briefings and facility tours and attending IR fairs.
- 5 The executive officer responsible for IR conscientiously conveys the Company policies to shareholders through dialogue and shares any opinions he or she receives from shareholders with directors and others.
- 6 In order for thoroughly fair information disclosure, the executive officer responsible for IR strictly secures important non-public information in accordance with company rules.

Communication with Shareholders & Investors

Based on the disclosure standards of the Tokyo Stock Exchange, we disclose information to shareholders, supplier, investors and the regional community in a timely manner while confirming with the Tokyo Stock Exchange and the general counsel. In order for our investors to understand our company, we provide various opportunities for communication including an annual general meeting of shareholders, financial results briefings, one-on-one meetings and telephone conferences. In addition, we have prepared English-language materials for overseas investors, and we are also working to provide English translations.



Online streaming

Presentations of results for the fiscal year ended March 31, 2022 (held in May 2022) and for the first half of the fiscal year ended March 31, 2023 (held in November 2022) were streamed online.

Social Contribution Activities for a Sustainable Future

「Joint Food Donation Ceremony」 (Held in Conjunction with Saitama Resona Bank)

In November 2023, we held our third food drive. More than 805 food and daily-use items were collected over the course of two weeks through donations within the Company and at Fukuda Engineering. The items were donated to seven facilities in the cities of Kuki and Kazo, providing support for needy children.

We will continue taking the lead in activities that enable us to contribute to the local community.



Haga Area

Cleanup Efforts in Haga Industrial Park

May 26, 2022
July 21, 2022
October 20, 2022
Total participants: 65



Plant Tours for Elementary School Students

Each year, the Kameyama Plant hosts factory tours for nearby elementary schools. Visitors have the opportunity to observe the operation of large press machines, the robot welding process, and product automation in the painting facility.

Even during the COVID-19 pandemic, when the number of companies hosting tours decreased, the Kameyama Plant continued this initiative. Like our other factories around Japan, this plant endeavors to provide learning opportunities for children in the local community.

■ We hosted three tours in 2022:
63 people on October 17, 106 people on November 16, and 21 people on November 29



Cleanup Activities

Kuki Area

Zero-Trash Clean Kuki Citizens' Movement

May 25, 2022

Cleanup at Bizenhorikawa River

November 18, 2022 and March 17, 2023
Total participants: 140



Note: The Bizenhorikawa River cleanup was in cooperation with six nearby companies.

Kameyama Area

The Adopt Program* Cleanup Green Place in Meihan Industrial Park

May 21 and October 29, 2022
Total participants: 91



***Adopt Program**
An adopt program is an initiative that aims to achieve clean, trash and weed-free communal areas through volunteer cleanup activities, based on the "adoption" of nearby parks and green tracts of land by people of local communities. The city of Kameyama introduced this system in April 2007, and our Kameyama Plant was the city's first participant.

Shareholder Benefit Initiatives That Contribute to Society

F-tech provides "Kids Smile QUO Cards" as a shareholder benefit, and contributes ¥50 per card to activities to support children in the areas affected by the Great East Japan Earthquake.



Booth Exhibit at the SAITAMA Environmental Fest & Children's Eco Festival: Making Bath Air Freshener Bags Using Thinned Cypress

On November 11 and 12, 2023, we conducted an experiential activity to create bath aroma bags using wood from the thinking of Japanese cypress. This activity used wood thinned during forest activities in Saitama Prefecture and allowed many people to create handmade, fragrant bath aroma bags. Through this activity, we were able to promote the effective use of forest resources while sharing the joy of handmade craftsmanship. Moving forward, as part of the Company's eco-friendly initiatives, we will continue to focus on protecting and utilizing local forest resources.



Akihide Fukuda, Supreme Advisor to the Company,
Receives 21st "Eiichi Shibusawa Award"

For a Life of Constant Support of Others and Continuously Taking on Challenges in Business Innovation

In February 2023, Akihide Fukuda, the Supreme advisor to the Company, received the 21st Eiichi Shibusawa Award, sponsored by Saitama Prefecture and other organizations.

The Eiichi Shibusawa Award is presented to business leaders across Japan who carry forward the spirit of Eiichi Shibusawa, recognizing his way of life and achievements in contributing to the establishment and growth of many companies, as well as his dedication to social initiatives such as welfare and education, which laid the foundation of modern Japan. This award also serves to exemplify the ideal qualities of today's entrepreneurs. It is bestowed upon business leaders who embody the spirit of Eiichi Shibusawa, strive to create value with a global perspective, have high aspirations and integrity, contribute to the country and society, and build a prosperous future. This award is a testament to the efforts of all employees within the F-tech Group, who under the guidance of Supreme Advisor Fukuda, uphold the Company's mission statement: "From a global perspective, we strive to contribute to our society and to improve the quality of life through manufacturing of the highest quality products with ambition and sincerity." This was a historic achievement for the F-tech Group.

We were established in 1947 as a manufacturer of miscellaneous goods and toys. In 1959, we expanded our business to include the production of motorcycle and automobile parts, and since then, we have continued to diversify our operations. Initially, we had only one factory in the city of Soka, Saitama Prefecture. However, all employees of the F-tech Group have embraced the high aspiration of making the company truly competitive globally. This has been the driving force behind our expansion into overseas markets and our decision to go public. It is thanks to the shared vision held by all employees of the F-tech Group that we have become the company we are today. Furthermore, in 2016, we established the F-tech Scholarship Foundation, a public interest foundation that has contributed to society by providing scholarships to over 200 students.

We currently face a very challenging operating environment due to factors such as soaring material and transportation costs, as well as a tight labor market. In such circumstances, it is crucial to consider how the Company should proceed and what kind of aspirations it should have. Guided by the belief in our corporate principle of creating value, we will continue to forge ahead with determination, aiming to create value that F-tech is uniquely positioned to provide and ultimately become a world-leading company.



Environment

Recognizing that adapting to climate change is a topmost management priority on the path to achieving carbon neutrality, the Company has established a system to promote carbon neutrality. In addition, we will address the various changes associated with climate change proactively, viewing them as opportunities. Furthermore, we will expand our disclosure based on the TCFD's recommendations and strive to enhance corporate value.

In September 2023, the Company committed to achieve carbon neutrality throughout the supply chain by 2050. We will continue to address climate change in accordance with the TCFD's disclosure recommendations.

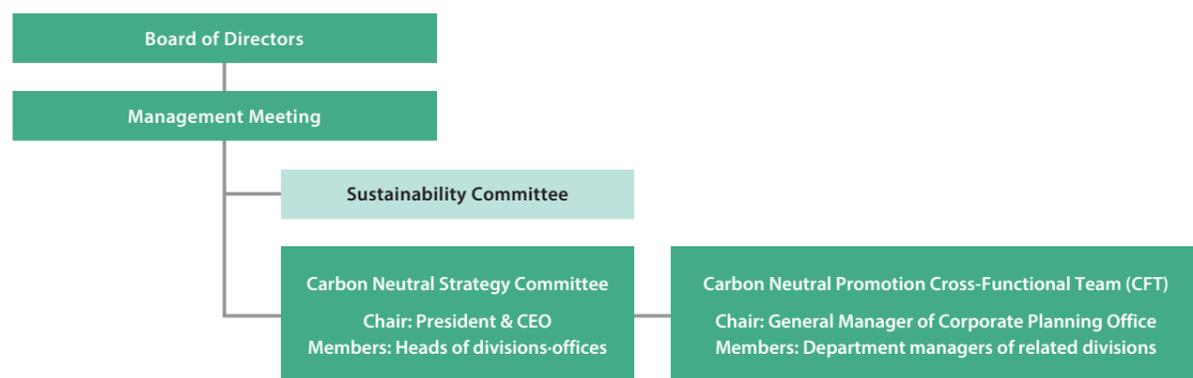


- ▶ Board of Directors oversight of climate-related risks and opportunities
- ▶ Management's role in assessing and managing climate-related risks and opportunities.

The Company recognizes climate change as a topmost management issue and has established a Carbon Neutral Strategy Committee and a Carbon Neutral Promotion Cross-Functional

Team (referred to as CFT) under the supervision of a director to strengthen its response to this issue. The organizational structure is shown in the diagram below.

Climate-Related Governance Structure



Board of Directorss

The Company considers adapting to climate change adaptation a topmost management issues based on the identification of materiality in its areas of business. The Board of Directors receives regular reports and conducts monitoring regarding the deliberation and decision-making on important corporate governance policies and the status of sustainability management. Additionally, significant matters such as the roadmap for carbon neutrality, the implementation plan developed by Cross-Functional Team (CFT), and the establishment and revision of committee regulations are discussed in the Management Meeting before being presented to the Board of Directors.

Management Meeting

To ensure the smooth operation of the Company's business activities, the Management Meeting engages in the resolution, discussion, and understanding of important management matters. We conduct deliberations on overall business plans and budgets based on annual and medium-term management policies. Moreover, we hold discussions and review progress on important matters such as implementation plans and roadmaps related to climate change adaptation.

Carbon Neutral Strategy Committee

The committee is chaired by the president and CEO and consists of division managers, general managers. The Company conducts its business activities with consideration for various aspects of the economy, environment, and society, aiming to build better relationships with stakeholders and contribute to a sustainable decarbonized society. The committee is responsible for managing and overseeing implementation activities based on the Company's carbon neutral roadmap, discussing and sharing information on action plans and amendments to committee regulations, and handling other important matters that have been discussed by the Cross-Functional Team (CFT). To facilitate decision-making on important matters, the committee submits proposals and reports to the Board of Directors and the Management Meeting.

Carbon Neutral Promotion Cross-Functional Team (CFT)

The CFT is led by the general manager of the Corporate Planning Office, heading a team consisting of department heads from related departments. They are involved in formulating the roadmap and strategy for the Company until 2050. Their main initiatives include gathering and analyzing information on carbon neutrality, identifying business risks and opportunities, and playing a central role in implementing climate change mitigation measures approved by the Board of Directors.



- ▶ Address selected short-, medium-, and long-term climate change risks and opportunities
- ▶ Gauge impacts of climate-related risks and opportunities on business, strategic, and financial planning
- ▶ Ensure the resilience of strategies in light of climate-related scenario-based considerations

We have identified climate change risks and opportunities and assessed their impact, based on assumptions about 2050 and taking into account scenarios from the IPCC and the IEA, policy and regulatory trends, and industry developments. Climate change risks and opportunities are constantly evolving, and we will continue to adapt to changing risks and opportunities and strive to further enhance disclosure.

Identification of Climate-Related Risks/Opportunities and Impact Assessment

Category	Perspective	Business Risks for the Company				Explanation of and Response to Risks	
		Content	Period	Scope	Financial Impact		
Transitional risks toward in the move toward a decarbonized society (2°C/1.5°C)	Policies, laws and regulations	Application of carbon taxes and carbon trading schemes	Increased operating costs due to introduction of carbon tax and purchase of credits	Long term	Expenses	↔	We assume that the impact of carbon taxes and stricter regulations will be small due to our responsiveness to carbon neutrality, but we expect to purchase credits for some of emission allowances.
		Compliance with GHG emission regulations	Increased regulations and fines	Short term		→	
	Technology	Development of lightweight components Spread of electric vehicles	Increased R&D expenses to meet customer needs Conversion to new technologies and increased capital R&D expenses.	Long term	Expenses	↓	In order to meet customer needs for electrification, over the long term we will need to design and develop lighter-weight and lower-carbon products and establish an energy-saving production system.
		Uptake of renewable energy and energy-saving technologies	Increase in capital expenditures to meet energy saving requirements			↔	
	Market	Impact on material prices	Rise in raw material prices and manufacturing costs	Medium term	Sales	→	We expect to incur higher costs in our efforts to reduce product weights, due to the use of more expensive high-tensile-strength materials and non-ferrous metals, as well as the decarbonization of electricity used in the manufacturing process.
		Impact on energy prices	Rising energy prices/increased expenses			→	
	Physical risks associated with failure to respond to climate change (4°C)	Acute	Changes in customer behavior	Lost orders due to delay in environmental response	Medium term	Sales	↔
Reputational change among investors/financial institutions Complaints from neighbors			Increase in financing costs (interest rates) Damage to corporate image/fines	Expenses			↔
Chronic		Change in precipitation/climate patterns	Production stoppage due to flooding/water shortage	Long term	Expenses	↓	the Company has an electroplating process, and water shortages could hamper this production process. In addition, the Company will need to deal with heat stroke and other risks over the long term due to rising average temperatures.
	Increased average temperature impact	Heat stroke/worker injury/ increased air conditioning costs	↔				
		Intensification of extreme weather events	Supply chain disruption/reduced production		Sales	↓	Production and delivery could be affected by extreme weather events.

Category	Perspective	Business Risks for the Company				Financial Impact	
		Policy	Content	Period	Scope		
Opportunities stemming from response to climate change	Resource efficiency	Impact on production processes	• Establishment of a sustainable production system	• Implement and expand water reduction measures that address water risks • Promote waste recycling	Medium term	Profits	→
	Energy sources	Use of low-carbon energy	• Promotion of carbon neutrality • Improving the efficiency of production processes	• Pursue high-efficiency and minimum-energy production • Introduce renewable energy sources and comply with future carbon taxes	Long term	Sales	↔
	Products Services	Impact on R&D	• Creation of environmentally friendly products	• Develop lightweight products • Consider and utilize recycled materials • Expand product applications to electric vehicles			↑
	Markets	Growing adoption of electric vehicles	• Establishment of sustainable management • Appropriate information disclosure	• Expand disclosure of non-financial information • Lower financing costs	Sales	↔	
	Robustness Resilience	Business sustainability partnerships	• Improvement of corporate competitiveness through collaboration with suppliers	• Strengthen BCP initiatives • Support decarbonization	Sales Profits	↔	

F-tech Our 2050 Carbon Neutral Challenge

We have “We aim to achieve a decarbonized society through contributions to a mobility society, in collaboration with society and our customers.” as our slogan. As specific initiatives, we will focus on the introduction of large-scale, high-efficiency facilities and the promotion of energy conservation and renewable energy. Additionally, we will tailor our product development efforts to meet the needs of our customers.

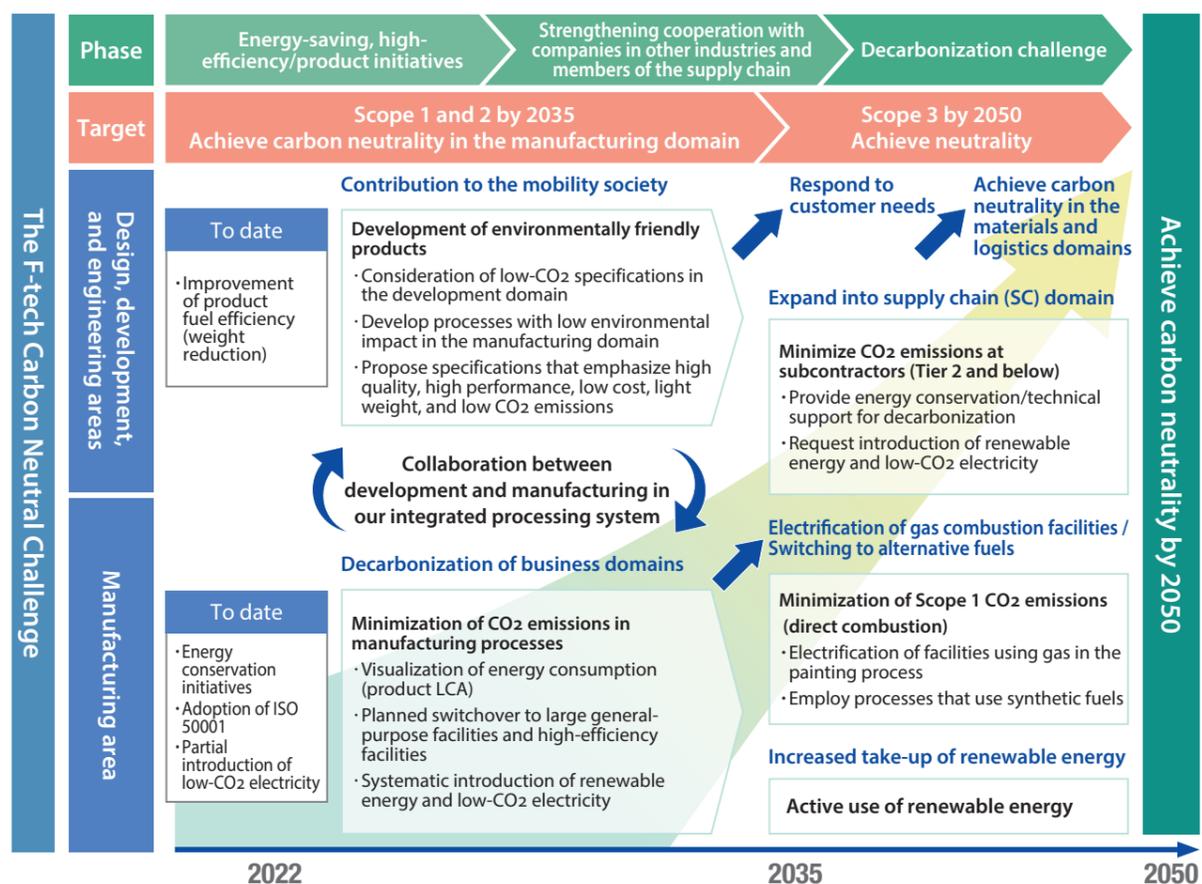
The Company has established an integrated processing

system from development to mass production. In the development area, we are conducting evaluations based on life cycle assessments (LCAs) to explore product specifications that are CO2-free. In manufacturing, we will strive to develop processes that have minimal environmental impact. Through the coordination of development and production, we are committed to environmentally conscious manufacturing.

In the long term, we will strengthen collaboration among our supply chain by sharing Company initiatives and providing support for decarbonization. Through these efforts, we aim to enhance our competitiveness.

Roadmap to Achieving Carbon Neutrality by 2050

Under a new governance structure for climate change adaptation, the Company has formulated a roadmap that takes climate change risks and opportunities into account. Based on this roadmap, the Company will proceed with identifying more specific measures and developing reduction plans.

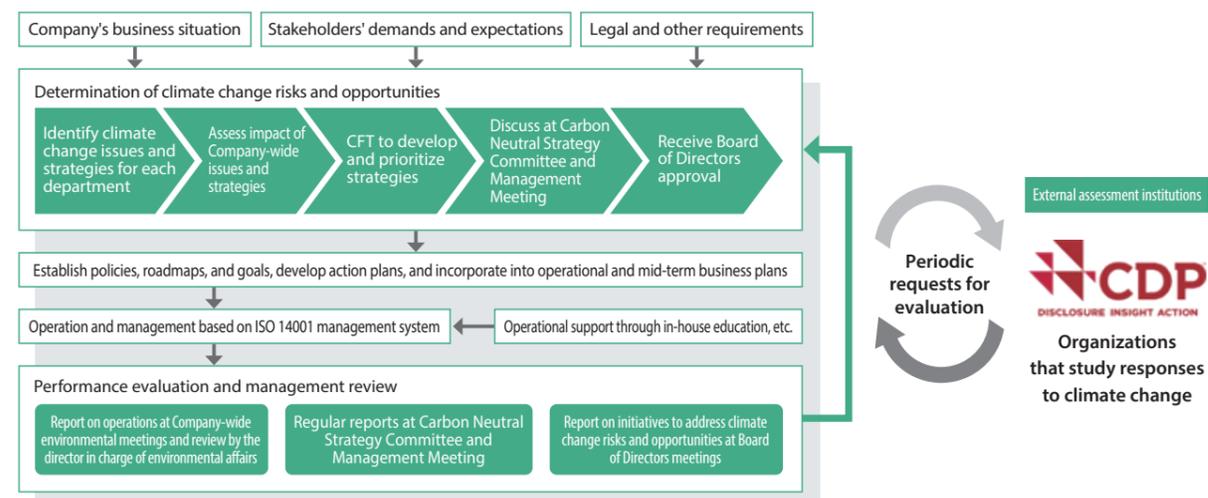


- ▶ Process for screening and assessing climate-related risks
- ▶ Process for managing climate-related risks
- ▶ Status of integration of climate-related risk management processes into comprehensive risk management

Process Flow for Climate-Related Risk Screening, Assessment, and Management

F-tech has identified climate change risks and opportunities by considering requests and expectations from such stakeholders as customers and local communities. Identified risks and opportunities have been approved through the Company's climate change governance structure, and policies and targets have been set and reflected in operational and mid-term business plans.

We are managing climate change measures based on the existing ISO 14001 management system. However, in order to establish a lower-carbon production system, some measures may go beyond the framework of ISO 14001, such as planned updates to large-scale and general-purpose equipment and the introduction of renewable energy. In cases where the redistribution and adjustment of management resources at the Companywide level are necessary, the Carbon Neutral Strategy Committee will discuss and consider effective measures for implementation.



Status of Integration with Other Management Systems Regarding Climate-Related Risk Management Processes

F-tech has started integrating carbon neutrality into its ISO 14001 environmental management system (EMS) to effectively carry out environmentally friendly business activities across Group companies and its supply chain.

In addition, identified risks such as heavy rains are managed as part of the Company's business continuity plan within its risk management framework. F-tech is working on establishing a prompt response system and improving its ability to respond to accidents.

Results of FY2022 CDP Assessment

We have been actively addressing environmental issues by developing our environmental management system on a global basis. In FY2017, we shifted our environmental communication, which was previously conducted individually with each automaker, to an evaluation system through a third-party organization (CDP), and we received a “B” rating in the CDP survey in FY2022. We will continue to make maximum use of external evaluations by CDP to further strengthen our own environmental initiatives.

CDP Assessment



FY2022 Assessment	Climate Change	Water Security
F-TECH CO. LTD.	B	B



- ▶ Indicators for assessing climate-related risks and opportunities
- ▶ Scope 1, 2, and 3 greenhouse gas (GHG) emissions and associated risks
- ▶ Targets and achievements in managing climate-related risks and opportunities.

Metrics and Targets

Long-Term Targets

As part of its efforts to realize a sustainable society, F-tech is working to reduce its environmental impact by focusing on the following important environmental issues: "reduction of CO2 emissions," "environmental conservation, including air, water, and soil," "resource saving and reduction of water consumption and waste," "management of chemical substances," "development of environmentally friendly

products," and "biodiversity conservation."

Regarding the "reduction of CO2 emissions," we are committed to our efforts to achieve carbon neutrality by 2050 across the entire supply chain, as part of our efforts to realize a decarbonized society. Currently, the calculation of Scope 3 emissions is limited to Category 9, which covers shipping and transportation. Going forward, we will collaborate with customers and suppliers to conduct global investigations on other categories of Scope 3 emissions.

Together with society and our customers, we aim to realize a decarbonized society through our contribution to mobility.

2035

We aim to achieve carbon neutrality for CO2 emissions (Scope 1 and 2) in the manufacturing area by 2035.

2050

We will take on the challenge of achieving net zero CO2 emissions for all operations throughout supply chain.

Reviewing Our Environmental Policy

We have revised our environmental policy as part of our effort to realize a decarbonized society. We have added the promotion of carbon neutrality and revised the wording to be more concise and easier to understand.

Environmental Policy

Based on our company Mission Statement, "We will do our utmost to contribute to national society and build a prosperous future," we will continuously promote the following environmental improvement activities in all of our business activities.

1. Contribute to the realization of a sustainable society

- (1) Promote carbon neutrality, focusing on CO2 reduction throughout the lifecycle of corporate activities and products
- (2) Develop environmentally friendly products, such as lightweight products that help extend the cruising range of automobiles
- (3) Promote the sustainable use of natural resources such as water

2. Strive to reduce our environmental impact and prevent pollution.

- (1) Implement improvement activities to achieve targets by utilizing the environmental management system
- (2) Prevent environmental pollution by complying with relevant environmental laws, regulations, and other requirements.
- (3) Cultivate human resources through environmental education for all people involved in our business activities and internal activities.

3. Strive to coexist in harmony with local communities.

- (1) Promote biodiversity conservation and social contribution activities
- (2) Appropriately disclose environmental information

Revised: September 8, 2023

Progress toward Our 2030 Global Environmental Targets

CO2 Emissions Results

Target > Reduce CO2 emissions per unit of production by 7.0% compared to FY2017 levels
Result > The target was achieved, with a **36.1% reduction.**

Production was down at many locations due to COVID-19 and the impact of semiconductor shortages. However, CO2 emissions fell 0.7% (632t-CO2) year on year.

By region, emissions fell 14% year on year at our base in China. In FY2022, the Group implemented 23 to reduce power use (514t-CO2 reduction) and four measures to reduce fuel use (273t-CO2 reduction).

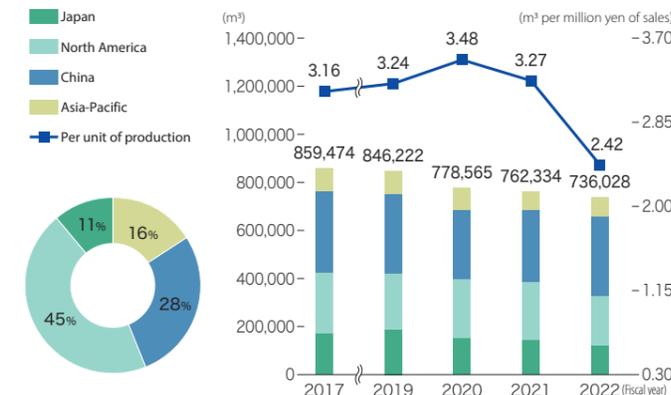
We are introducing solar power generation systems in Thailand and China, and we will continue to promote the use of renewable energy throughout the Group.



Water Resource Usage Results

Target > 5.5% reduction in water consumption compared to FY2017 levels
Result > The target was achieved, with a **23.5% reduction.**

Water consumption decreased by 3.5% (26,306 m³) year on year. The majority of the Group's water consumption is used for product cleaning, surface treatment, electroplating coating, and steam in the painting process, and many locations are highly dependent on water to maintain water quality in the painting process and to prevent adverse effects on quality. In FY2022, we implemented measures to reuse water in the painting process and improve painting efficiency, reducing water consumption by 16,871 m³.



Waste Emissions Results

Target > 5% reduction in waste emissions by per unit of production compared to FY2017
Result > The target was achieved, with a **23.0% reduction.**

Waste emissions increased 13.9% (670 tons) year on year. By region, we saw a significant increase in waste generation, of 724 tons, due to production increases at our North American facilities. In an effort to curb waste emissions, in FY2022, we implemented nine waste reduction initiatives (567-ton reduction), primarily in North America.

The Group will continue working together to share effective measures and reduce waste emissions.



14th Mid-Term Business Plan/ FY2022 Environment and Energy Plan

In the 14th Mid-Term Business Plan, we added the goal of managing total CO₂ emissions toward our goal of achieving carbon neutrality by 2050. In FY2023, we met our 2030 environmental goals due to signs that production was recovering post-COVID-19 and the impact of policy measures.

In the 15th Mid-Term Business Plan, we discussed our

approach towards water reduction, to save water in the future, and our policy for reducing landfill waste, in response to growing climate change. We confirmed at regional environmental conferences (page 52) that we will transition from global goals to autonomous management at our facilities and review them accordingly."

Outcomes of the Third Year of the 14th Mid-Term Environmental Plan (FY2020–FY2022)

Target: F-tech Group (6 locations in Japan, 14 overseas)

Enhancement Details	Period			
		FY2020	FY2021	FY2022
Carbon neutrality by 2050 Reduction of CO₂ emissions (Scope 1 and 2)	Plan	—	—	Improved by 15% (compared to FY2017)
	Achievement	—	—	Improved by 28.5%
	Evaluation	—	—	○
Reduction in CO₂ emissions per unit of production (Scope 1 and 2)	Plan	Improved by 4.2% (compared to FY2017)	Improved by 5.6% (compared to FY2017)	Improved by 7.0% (compared to FY2017)
	Achievement	Improved by 12.1%	Improved by 16.1%	Improved by 36.1%
	Evaluation	○	○	○
Reduction in water use per unit of production	Plan	Improved by 3.3% (compared to FY2017)	Improved by 4.4% (compared to FY2017)	Improved by 5.5% (compared to FY2017)
	Achievement	Worsened by 10.0%	Worsened by 3.4%	Improved by 23.5%
	Evaluation	×	×	○
Reduction in waste emitted per unit of production	Plan	Improved by 3% (compared to FY2017)	Improved by 4% (compared to FY2017)	Improved by 5% (compared to FY2017)
	Achievement	Improved by 3.7%	Improved by 11.8%	Improved by 23.0%
	Evaluation	○	○	○

○ : Target achieved × : Target not achieved

Results of the FY2022 Environment and Energy Plan*

Target: F-tech's three locations in Japan (Kuki Plant, Kameyama Plant, Haga Technical Center)

Target	Control Level	Results (Full-Year Estimates)	Assessment
Reduction of CO₂ emissions per unit of production	All domestic sites (Kuki, Kameyama, Haga) 1% improvement from FY2011, less than 99 points	96.2 points 3.8% improvement	○
Reduction of CO₂ emissions through measures	Reduction of 1.0% or more compared with the 67th fiscal period More than 91.9 t-CO ₂ reduction by measures	273t-CO ₂ reduction	○
Establishment of an internal program to promote carbon neutrality	Project kickoff Consideration of roadmap	Structure approved Roadmap proposed	○
Evolution of environmental management	Proposed measures to standardize water reduction efforts Investigation of recycling of landfill waste/examination of countermeasures	Global development of domestic water reduction policy and approach Completion of landfill volume study and policy development	○
Contribution to local communities	Implementation of biodiversity activities/social contribution activities Implementation of at least one example at each site	Kuki: 3 initiatives implemented Kameyama: 2 initiatives implemented Haga: 3 initiatives implemented	○

○ : Target achieved × : Target not achieved

Note: We refrain from disclosing the targets of "Development/Engineering" due to confidentiality considerations.

15th Mid-Term Business Plan/ FY2023 Environment and Energy Plan

To further enhance its efforts to address climate change and contribute to a sustainable mobility society, the Company has launched the 15th Mid-Term Business Plan in the environmental category. As part of this plan, the Company has formulated an

environmental energy plan for FY2023. This is in line with its commitment to strengthen and pursue climate change mitigation initiatives.

15th Mid-Term Environmental Plan (FY2023–FY2025)

Key Measures	Management Items	Target	FY2023	FY2024	FY2025
Carbon neutral by 2050	Reduction of total CO ₂ emissions (compared to FY2017)	Entire Group	18% improvement	21% improvement	24% improvement
Environmental management	Improvement of CO ₂ emissions per unit of production (compared to FY2017)	Individual locations	6% improvement	7% improvement	8% improvement
Visualization of process energy through product LCA	Understanding of the amount of energy used per unit of production	Plants in Japan	Kuki, Kameyama Model lines	Process analysis Comparison	Major products completed
		Overseas plants	—	Plants Model lines	Process analysis Comparison
Sustainability management	Establishment of sustainability management	Japan	Identifying material issues	Planning/implementation of countermeasures	Implementation of countermeasures

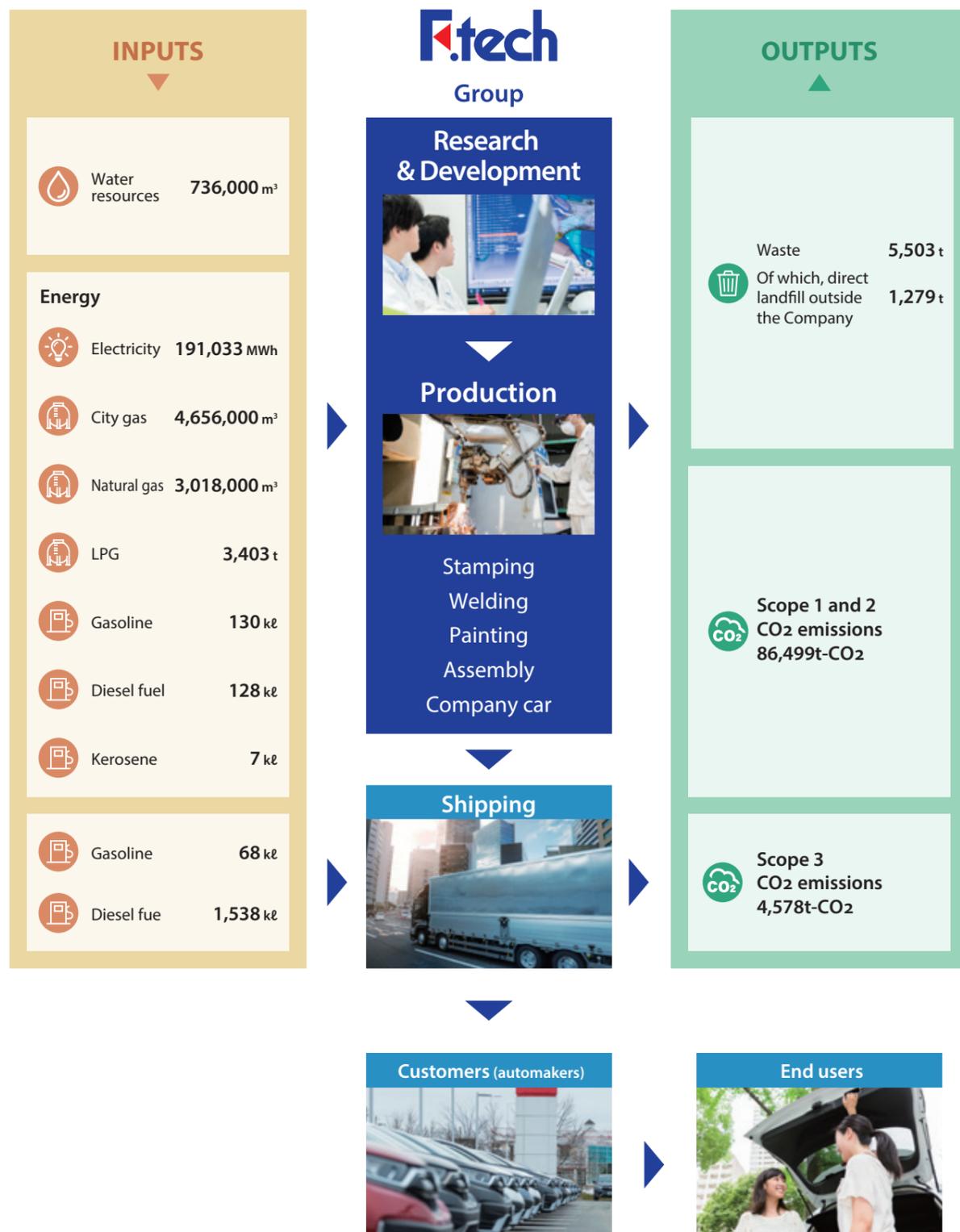
Note: For reductions of water and waste emissions, we moved from global targets to site management.

FY2023 Environment and Energy Plan (Japan)

Theme	FY2023 Management Items
1. Achieving carbon neutrality by 2050	Reduction of total CO ₂ emissions (Scope 1 and 2) Reduction of CO ₂ emissions by 18.0% or more compared with FY2017
2. Rationalization of energy use	Improvement of CO ₂ emissions per unit of production (Scope 1 and 2) 2% improvement compared with FY2021 in all areas (Kuki, Kameyama, Haga), 98 points or less
	Reduction of CO ₂ emissions through measures Reduction of 89.4 t-CO ₂ or more (1.0% or more) compared with 67th fiscal period
3. Development of environmentally friendly products	Weight reduction of newly developed parts Reduction of 5% or more compared to the previous year's model
	Probability of new technology and new products At least one plan/proposal
4. Priority management items	Establishment of calculation system for Scope 3 Establishment of global GHG calculation standards and strengthen calculation system
	Product LCA Establishment of CO ₂ tables Understanding of energy consumption by building model lines Study for creation of CO ₂ table
	Revision of G.Ftech_EnMS Compliance of internal global energy management standards to ISO 50001:2018 version Establishment of management standards and rules for LCA
5. Fulfillment of social responsibility	Sustainability-related policies Creation of guidelines • Formulation of F-tech Basic Policy on Sustainability • Establishment of Sustainability Committee • Publication of Sustainability Guideline for suppliers
	Contribution to local communities Implement biodiversity activities/social contribution activities Implementation of at least one example at each site

* The target value of 89.4 t-CO₂ for reduction by measures has been relaxed due to the substantial achievement of the previous year's results at some sites.

Material Flows (FY2022 Results)



- CO₂ emissions under OUTPUTS are calculated by multiplying the energy consumption of the INPUTS by the CO₂ conversion factor.
- The CO₂ calculation method is based on the "Greenhouse Gas Emissions Calculation and Reporting Manual" of the Ministry of Economy, Trade and Industry and the Ministry of the Environment and "The Greenhouse Gas Protocol" of the WRI/WBCSD.
- Domestic electricity is calculated based on the latest coefficient for each electric power company.
- The data covers the period from April 2022 to March 2023.

FY2022 F-tech Environmental Accounting

F-tech has been preparing for environmental accounting since the publication of its Environmental Report, before it became a CSR report. We believe that accurately identifying, measuring, totaling, and analyzing the amount of investment in and cost of environmental conservation, and knowing the effects of that

investment and cost, is important for further improvement of our initiatives and for fulfilling our accountability to stakeholders.

We are considering the possibility of including overseas Group companies in our calculations to the extent possible.

Environmental Conservation Costs

(Thousands of yen)

Classification		Main Initiatives	FY2020	FY2021	FY2022
Cost in business area	(1) Pollution prevention cost	Prevention of air and water pollution	14,781	19,486	18,401
	(2) Global environmental protection costs	Capital investment for energy saving, management costs of CFC-containing equipment, and appropriate treatment costs	20,317	24,890	46,493
	(3) Resource recycling costs	Proper disposal costs of industrial waste	18,811	12,858	13,066
Subtotal			53,909	57,234	77,959
Management activity costs		ISO certification cost, CSR report cost, environmental measurement cost, etc.	6,786	7,268	9,321
R&D costs		Research and development to reduce environmental impact	856,000	731,000	731,000
Social activity costs		Participation in, donation to, and support of environmental conservation activities	1,920	1,795	1,625
Total			972,274	854,531	897,864

Economic Benefits Associated with Environmental Protection Measures

(Thousands of yen)

Classification		Effects	FY2020	FY2021	FY2022
Income		Income from valuable resources	431,949	688,824	596,782
Cost saving		Cost savings from energy-saving activities	19,230	15,953	12,029
Total			451,180	704,778	608,810

Environmental Conservation Effects

Classification	Environmental Performance Index	Unit	Amount Used in FY2020	Amount Used in FY2021	Amount Used in FY2022	FY2022 Reduction by Measures
Environmental conservation effects related to resources used in business activities	Total energy consumption	GJ	231,264	225,165	216,122	13,514
	Electricity	GJ	176,067	172,142	165,622	13,161
	City gas	GJ	42,670	41,258	38,977	353
	LPG	GJ	12,497	11,696	11,481	0
Environmental conservation effects related to environmental impact and waste emitted from business activities	Water resources	m ³	76,858	61,629	60,893	0
	CO ₂ emissions	t-CO ₂	11,233	9,590	9,378	515
	In-house carbon value	Thousand yen/t-CO ₂	49	65	83	-
	Specific chemical emissions	ton	0.9	1.7	0.4	0
Emissions of environmentally hazardous substances from transportation	Emissions of waste and other items	ton	444	404	428	0
	CO ₂ emissions	t-CO ₂	1,680	1,567	1,614	164

Notes: The calorific value of the GHG emissions calculation, reporting, and publication system based on the Law Concerning the Promotion of the Measures to Cope with Global Warming in Japan is used in the calculation. Our environmental accounting is in accordance with the "Environmental Accounting Guidelines" of the Ministry of the Environment, and only shows activities in Japan.

Promoting Initiatives Focused on the Value Chain

F-tech Supplier Sustainability Guidelines

Purpose and Background

The F-tech Group has been promoting environmental considerations through the "F-tech Green Purchasing Guidelines." To contribute further to a sustainable society, we have newly established the "F-tech Supplier Sustainability Guidelines." These guidelines aim to achieve a sustainable supply chain by considering not only the environment but also the economic and social aspects, in collaboration with our business partners.

Structure of the F-tech Supplier Sustainability Guidelines

- I. Introduction
- II. F-tech Basic Policy on Sustainability and Our Action Guidelines
- III. F-Tech Basic Policy on Purchasing
- IV. Scope of Application
- V. Requests to Our Business Partners
 - 1 Safety and Quality
 - 2 Human Rights and Labor
 - 3 Environment
 - 4 Responsible Mineral Procurement
 - 5 Compliance
 - 6 Business Continuity Plan (BCP) Development and Preparation
 - 7 Information Disclosure to Stakeholders
 - 8 Community Involvement
 - 9 Expansion to your suppliers
- VI. Confirmation of the Status of Initiatives
- VII. Measures to Be Taken When a Violation of the Guidelines Occurs
- VIII. Confirmation of Agreement on Guidelines
- IX. Contact for Inquiries Regarding these Guidelines

Future Developments

With a view to a global roll-out, F-tech will conduct self-assessments and on-site audits of suppliers based on the guidelines, aiming to build a sustainable supply chain with its business partners.

Category	
Domestic	Establish guidelines
	Promote coordination with new and recently established companies
Overseas	Prepare translated versions for roll-out to other countries (Develop policies appropriate to local conditions)
	Promote coordination with suppliers through offices
	Establish supplier evaluation system

Explanation of Purchasing Policy

In April 2023, we distributed materials explaining our purchasing policy and introducing examples of the Company's environmental initiatives to 72 suppliers and asked for their cooperation in conducting a survey on the status of their environmental initiatives.

Survey of the Status of Environmental Initiatives

- Survey of environmentally hazardous substances
 - (1) Consumption by type of energy
 - (2) Water resources used
- Establishment and achievement of CO₂ reduction targets
- Status of biodiversity and social contribution activities
- Sharing of improvement measures for energy saving, water use, and waste discharge

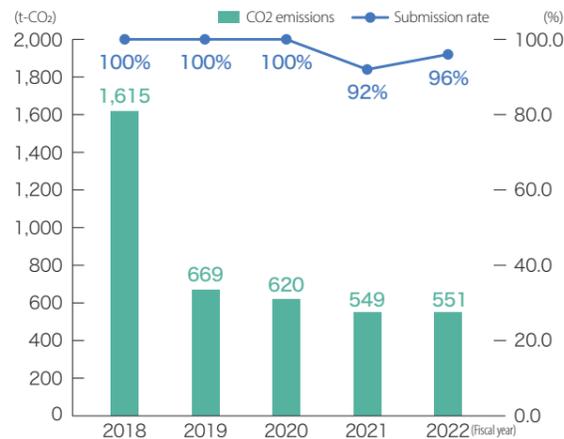
Examples of Environmental Improvement

By reviewing transportation routes for facilities and equipment destined for North America, we have reduced truck transport distances within the United States and improved transportation efficiency by optimizing cargo loading for maritime transport and container utilization. Additionally, we received environmental performance reports from three of our business partners.

Understanding Greenhouse Gas Emissions in the Value Chain

Greenhouse Gas Emissions of Domestic Customers (FY2022 Results)

CO₂ Emissions of Company Suppliers



Management of Chemical Substances Contained in Products

To address the regulation of chemicals in its products, the F-tech Group has established a management system and conducts IMDS* surveys. The use of hazardous substances regulated by law are prohibited under the "F-tech Product Chemical Substance Management Standards." We also work in collaboration with our business partners to eliminate targeted substances and provide safe products.

*IMDS: International Material Data System

Responsible Mineral Procurement

We support the RMI*1 and promote "Responsible Mineral Procurement" using the CMRT*2 to avoid the use of conflict minerals*3 that may involve risks or illicit activities such as child labor, human rights abuses, poor working conditions, environmental destruction, and corruption associated with mineral sourcing from conflict areas or high-risk countries. We require suppliers to comply with the "F-tech Supplier Sustainability Guidelines" to prevent inappropriate mineral use.

*1 RMI: Responsible Minerals Initiative
 *2 CMRT: Conflict Minerals Reporting Template
 *3 Conflict minerals: Tin, Tantalum, tungsten, gold

OPICS

Regional Environmental Conferences in FY2022

Since 2009, we have held the F-tech Group Global Environmental Conference, a gathering for major Group companies from around the world. In FY2022, we were unable to hold the conference in person due to COVID-19. Instead, we held regional environmental conferences online in North America, China, and other parts of Asia. At these environmental conferences, we focused on exchanging opinions about region-specific initiatives and problems—an approach that differed from that of global environmental conferences. Instead, we spent the limited amount of time available in the active exchange of opinions within the region or between countries.

We undertook 56 new environmental measures at 14 locations in Japan and overseas. These efforts resulted in savings of approximately ¥120 million. To date, such environmental efforts throughout the Group have resulted in improvements amounting to approximately ¥670 million in terms of reduced environmental impact and manufacturing costs. The two main topics communicated by the secretariat at these meetings are outline below.

1 Progress in the Third Year of the 14th Mid-Term Business Plan

During the FY2022 regional environmental conferences, we added "achieve carbon neutrality by 2050" as a new environmental goal for the Group. We reported on the progress of achieving the global environmental goals for the first quarter of FY2022 at the time of the conferences. We achieved significant progress towards the 2030 targets for CO₂, water resources, and waste generated. Moving forward, we confirmed our commitment to a focus on transitioning to a decarbonized society and addressing climate change. As part of these efforts, we shared the remaining challenges in water resources used and waste generated, and made adjustments to prioritize self-management based on the risks at each site, excluding them from the global management goals.

The issue of waste requires a sustainable approach that promotes resource circulation. An investigation into the content and recyclability of landfill waste determined that approximately 40% of the waste is recyclable. However, due to a lack of disposal contractors and legal restrictions, we were

unable to set a global goal of achieving zero landfill waste. Instead, we instructed each site to focus on its own waste reduction. As for the management of water resources, efforts have been made over the long term to ensure the quality of reclaimed water, secure reuse destinations, and address regulatory and cost issues. Such issues have made it challenging to reduce water use. Nevertheless, given the high water risk in certain locations, the Group has reviewed its uniform water reduction target in order to achieve more effective results.

Annual Amount of Landfill Waste by Site (Environment in 2021)		Survey Results ①	Details of Waste Requiring Landfill	Survey Results ②	Recyclability	
Site name*	Total amount of waste (kg)		Type of landfill waste • Paint sludge • Waste in factory sewage filters • Cafeteria food waste • Others			
DM	732,605			Recyclable amount	587t	41%
FPA	814,016			Type of landfill waste	237t	17%
FTZ	468,069			Needs further verification	607t	27%
FPG	304,026			No processor exists	223t	16%
FMTL	202,220					
FEGQ	47,305					
FPMI	75,091					
FPC	853,595					
FEG	167,255					
FTI	21,802					

2 15th Mid-Term Business Plan: In the Environmental Category, Development Details and Action Policies toward Carbon Neutrality

Efforts toward carbon neutrality have increasingly become a central focus of our management through communication with our customers. In FY2022, we continued to build a framework for promoting carbon neutrality. We also announced at regional environmental conferences that in FY2023, we would begin efforts to

promote carbon neutrality. Furthermore, we shared a roadmap toward achieving carbon neutrality by 2050. Building upon our existing environmental initiatives, we will further develop specific measures to reduce our total CO₂ emissions.

In FY2022, we decided on excellence measures to serve as a model for sites in each domain.

Excellent Energy Conservation Measures
 F-TECH MFG. (THAILAND) LTD. (FMTL / Ayutthaya Province, Thailand)
 Installation of Solar Power Generation System on Factory Roof

Installed panel capacity: avg. of 997.35 kW average
 Power generation: 3.84 MWh/day

Excellent Measures Related to Water Resources
 F-TECH MFG. (THAILAND) LTD. (FMTL / Ayutthaya Province, Thailand)
 Review of Water Reprocessing Frequency

The company was using 22 tons of water to reprocess softened water twice a day, but after checking the water quality, the frequency of such treatment was changed to once a day.

Excellent Waste-Related Measures
 F&P America Mfg., Inc. (FPA / Ohio, United States)
 Plastic Container Recycling

Large plastic containers no longer needed at FPG, FPC, and FPA were repaired and recycled. The recycled plastic containers are turned into chips, which have recently been utilized as flooring material for temporary shelters.

Excellent CSR Measures
 F.E.G. DE QUERETARO S.A. DE C.V. (FEGQ / Querétaro, Mexico)
 Santa Catarina River Cleanup Activities

FEGQ's first social contribution activity was a river cleanup, in which 80 kg of trash was collected.

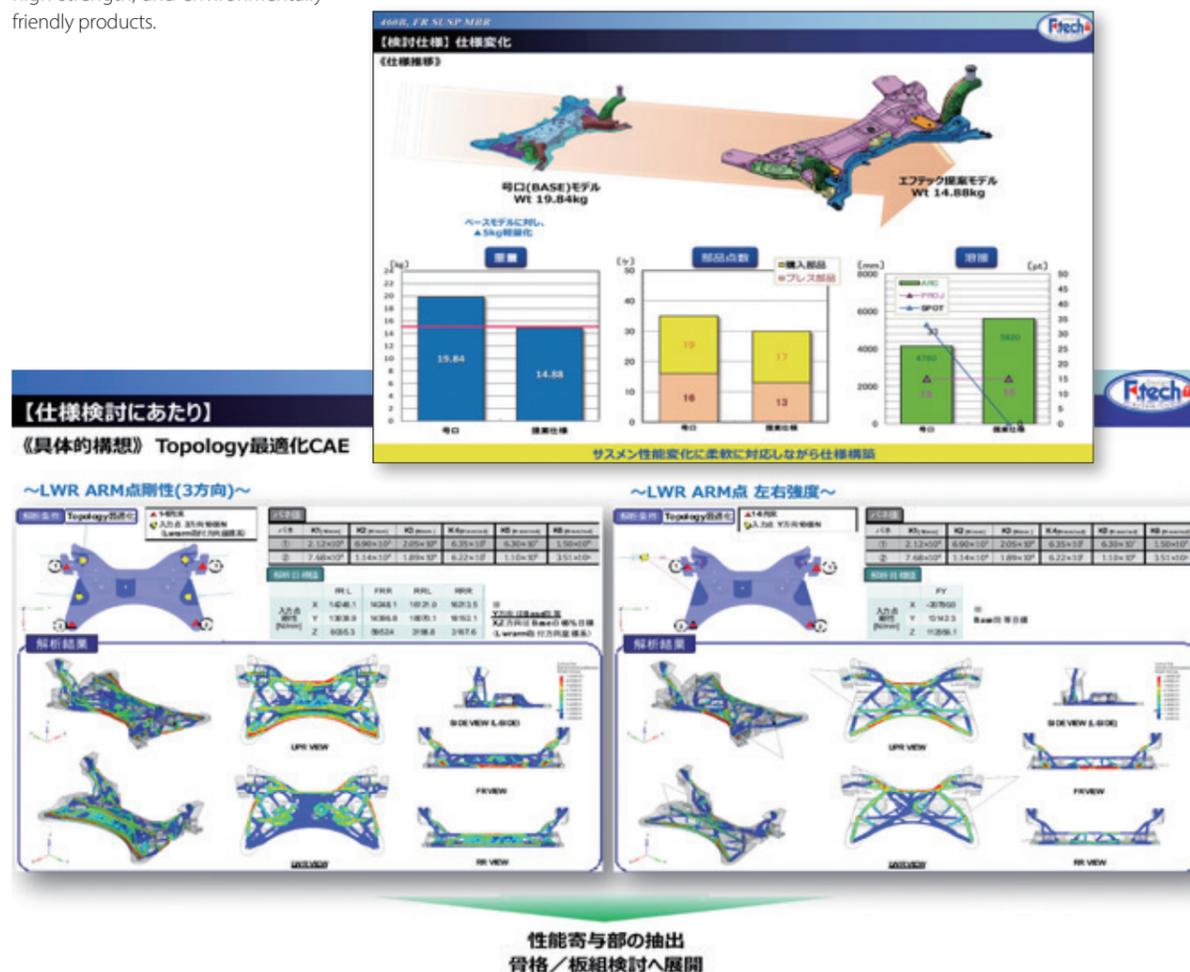
Using Our Advanced Proprietary Methods to Develop Products with Reduced Environmental Impact

Responding to Environmental Needs by Making Products More Lightweight

With the increasing use of terms such as SDGs and carbon neutrality, awareness of environmental issues is on the rise, leading to various initiatives in the automotive industry to address environmental concerns and reduce CO₂ emissions. One of these initiatives is the shift toward electric vehicles (EVs). However, the increased weight of EVs due to battery installation can negatively impact their energy efficiency. Similarly, in gasoline-fueled cars, increased weight can lead to lower fuel efficiency and, consequently, higher CO₂ emissions. As a result, there is a growing need for lightweight solutions in the Company's development components. One of our key customers, Honda, aims to transition all new vehicle sales in major markets to EVs and fuel cell vehicles (FCVs) by 2040. Toyota, meanwhile, has set a goal to make nearly all new vehicle sales EVs by 2050. This trend towards electrification is expected to accelerate further. To outperform our industry competitors, it has become even more essential to develop lightweight, cost-effective, and high-performance components. Leveraging its unique simulation technology, built on past design expertise, the Company is committed to developing lightweight, high-strength, and environmentally friendly products.

Product Development Using Simulation Technology (Front Suspension Member)

The manufacture and sales of the Toyota GR Corolla began in October 2022. This model incorporates our proprietary optimized front suspension member, which we developed in-house. By implementing unique optimization analysis and a closed cross-sectional structure, we improve the member's performance, resulting in a weight reduction of 5kg (25% decrease) compared to the base model. Furthermore, product specifications were designed to maximize manufacturing efficiency, achieving a production line where one cell corresponds to one line in the welding process. This enables the production of the required number of units with minimal equipment, contributing to cost competitiveness through reduced investment and decreased CO₂ emissions by lowering operational energy consumption, including electricity usage. Through continuous improvements in our analysis technology, we aim to transition to prototype-less development, reducing CO₂ emissions during the prototyping stage and further striving for environmental impact reduction.



VOICE Development That Contributes to Society and the Environment

Aiming to Design Products That Maximize Weight Reduction and Lower Environmental Impact through Optimization Analysis



Hiroki Ono
Team 2, Design Section 1,
Product Development Department

I was assigned to the design department and soon specialized in analysis. At first, I was a bit puzzled by the term "specialized analyst," as I had expected to work on design. However, now I realize that the role suits me well, as my nature seeks to pursue the essence of things.

weight reduction is possible while maintaining performance, such as by optimizing plate thickness and efficiently increasing section rigidity. It provides results that assist in the design and specification development process.

I mainly conduct detailed evaluations on whether the specifications constructed by the designers meet the requirements for strength and durability.

The shapes that are discovered vary. Depending on how the conditions are set, and it can yield results that humans may not have thought of. Careful consideration can facilitate swift problem-solving.

To improve the accuracy of analysis, it is necessary to reconcile the differences in boundary conditions between testing and analysis. The ability of the analysis personnel is tested in how they interpret the theoretical setting of the test and how they reflect it in the settings of the analysis. This also incorporates our identity. It is a great joy when test results match predictions. These daily trials and errors eventually lead to reductions in testing and prototyping, helping to substantially lower the environmental impact.

We fully utilized this optimization analysis in the development of the front suspension member for Toyota's new model.

I have been involved in various types of analysis, and of these, I find optimization analysis to be fascinating and intriguing. Optimization analysis helps identify areas where

We established our unique analysis conditions and developed a decision-making approach to the results of the analysis. It was challenging to implement these results into the specifications, but we were able to leverage them to efficiently create the lightest possible specifications while meeting the required performance levels, which led to component orders for the GR Corolla.

Moving forward, under F-tech's "challenging spirit," we aim to continue challenging ourselves and growing by taking on new endeavors.



Japan



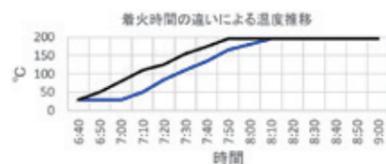
Measures to Reduce the Loss of Gas Used by Paint Drying Furnaces Kuki Plant (Kuki, Saitama Prefecture)

The Kuki Plant operates with an integrated production system, from pressing to assembly, and requires a significant amount of energy. In particular, the painting process uses burners that consume a large amount of natural gas to maintain products at a constant surface temperature. We have been working on gas reduction measures to lower CO2 emissions.

Specifically, we have introduced a system that calculates the time it takes for products to arrive at the drying furnace and the time required for the furnace temperature to rise, and then ignites and extinguishes the burners at the optimal timing. Sensors are used to detect the position of the initial and final products, and

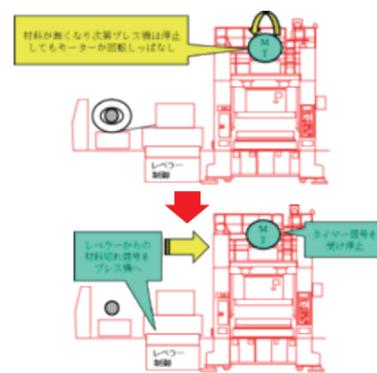
alarms are triggered at the appropriate times. These improvements have allowed us to minimize the time drying furnaces are in operation. This has in turn resulted in a significant reduction in gas consumption and helped lower CO2 emissions.

This in-house initiative has reduced our annual gas consumption by 5,641 m³ and CO2 emissions by 11,733 kg.



Saving Energy by Using a Timer to Stop the Main Motor (250-Ton Press) Kameyama Plant (Kameyama, Mie Prefecture)

The 250-ton press operates alongside a 1,000-ton machine. The 250-ton press is unmanned, and production stops only when the coil material for the leveler machine is depleted. However, the main motor continues to rotate, wasting energy until the next setup. To address this issue, we have introduced a new timer interlock function and implemented a relay circuit control to ensure that the main motor also stops when the leveler machine halts. This improvement has reduced power consumption by 2,670 kWh per year (equivalent to 0.7 t-CO2 in emissions).



250-ton press	Electricity consumption: Reduced by 2,670 kWh/year
Timer to stop the main motor	CO2 emissions: Reduced by 0.7t-CO2/year
	[Cost 0] Effective reduction: ¥35,000/year

Efforts to Reduce Component Weight and Improve the Environment Haga Technical Center (Haga-cho, Haga-gun, Tochigi Prefecture)

In keeping with the global trend towards electrification in the pursuit of a decarbonized society, demand to expand our portfolio of lightweight components has been increasing.

At the Haga Technical Center, we utilize proprietary optimization design tools from the initial stages of design to create lightweight components while meeting all required criteria for rigidity, strength, durability, and collision performance.

Recently, we have achieved a weight reduction of more than 10% compared to the current subframe used in global models. In next-generation models, we will continue to offer even lighter components to improve fuel efficiency and contribute to global efforts to reduce CO2 emissions.

Furthermore, by changing over the power-consuming vibration tester used during the product evaluation stage from a hydraulic to an electric model, we have lowered power consumption by as much as 1/10th. We are also strengthening our efforts to reduce environmental impact(LCA) through the use of low-warming gas emission electric furnace materials in the material field.

F-tech will continue to prioritize research and development activities aimed at reducing environmental impact in the future.



Electric vibration tester

Global Human Resource Development Initiatives Fukuda Engineering Co., Ltd. (FEG / Kazo, Saitama Prefecture)

Fukuda Engineering has been actively investing in the development of engineers specializing in mold production and has previously brought in employees from Group companies overseas to provide technical guidance. In September 2022, two employees from its subsidiary in India, ISS, were dispatched to the Company as overseas trainees for one month to enhance their technical skills. Despite the cultural, religious, and dietary differences between India and Japan, the trainees enjoyed their training and made diligent efforts to improve their skills.

Although the training period was short, the training program was successfully completed as planned. The trainees returned to Japan

after making plans to in turn provide technical guidance to local employees.

Currently facing a shortage of mold production and maintenance engineers, Fukuda Engineering is planning to strengthen its role as a center for mold technology education in order to cultivate mold engineers.



Ongoing Certification as a "Bright Company in Kumamoto Prefecture" Kyushu F-tech (QFT / Yamaga, Kumamoto Prefecture)

Kyushu F.tech Inc. has applied for the renewal of its certification as a "bright company in Kumamoto Prefecture," under a prefectural government program. The initiative aims to designate companies that provide a vibrant and safe working environment where employees can thrive, in contrast to "black companies" (a term coined by Kumamoto Prefecture to represent the opposite of such companies). Through widespread recognition of the exemplary efforts of these "bright companies," the program aims to enhance the overall working conditions and treatment of employees in the prefecture, as well as promote local employment for young people. Kyushu F-tech initially

received certification in October 2019 and, after a three-year certification period, has successfully applied for and received the renewal of its certification for the period from October 11, 2022, to October 10, 2025. As of FY2022, a total of 383 companies in Kumamoto Prefecture have been registered and certified under this program. Kyushu F-tech will continue to actively engage in activities involving all employees to ensure its ongoing certification in the future.



Sainokuni Saitama Small and Medium-Sized Enterprises CO2 Reduction Awards "Excellence Award" Reterra Inc. (Ogano, Chichibu, Saitama Prefecture)

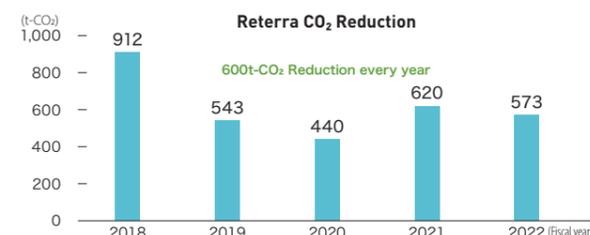
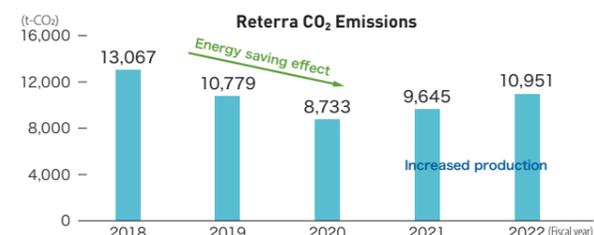


Award ceremony (May 11, 2023 at the Saitama Prefectural governor's mansion)

Reterra Inc. has been awarded the "Excellence Award" in the Sainokuni Saitama Small and Medium-Sized Enterprises CO2 Reduction Awards for its efforts in reducing CO2 emissions as part of its commitment to carbon neutrality.

This award is presented to companies selected from a pool of

600 enterprises in Saitama Prefecture that have demonstrated outstanding initiatives and served as models for others, based on their continuous efforts in promoting energy efficiency and achieving significant results. Reterra has actively implemented and improved the operation of high-efficiency furnaces and motors, such as melting holding furnaces and casting machines, and has thoroughly reduced air conditioning loads at its facilities. Their collaborative efforts with Group companies (16 locations worldwide) and the sharing of energy-saving measures through global expansion, as well as their unique "Energy-saving Case Studies" document, featuring over 100 examples, have earned high praise led to this prestigious award.



North America

“Relay for Life”

F&P America Mfg., Inc. (FPA / Ohio, United States)

The Relay for Life is an international event organized by the American Cancer Society (ACS). This charity activity is aimed at supporting cancer patients and their families, with the mission to “Save Lives.” It aims to empower those who have been diagnosed with cancer, remember those who have passed away, and create a society where no one suffers from cancer.

FPA employees participated in this event and collectively raised \$1,300 in donations to contribute to the association.



<https://relayforlife.jp/whats-rfl>

Efforts to Resolve Labor Shortage at Production Sites

F&P Georgia, A Division of F&P America Mfg., Inc. (FPG / Georgia, United States)

In recent years, local companies have struggled to find employees, disrupting production. In the United States, labor supplies are tight, particularly in manufacturing, where personnel outflows are more than triple the number of inflows each year, so the situation is serious.

FPG was already working actively on a policy of recruiting and retaining employees as the foundation of its local operations since before the disruption caused by the COVID-19 pandemic in 2020. This approach has been highly praised by customers, but the ongoing reality is that employee turnover is high and FPG is unable

to keep up on the training front. Promoting employee recruitment and retention is crucial for the company. FPG is committed to tackling this challenge as one united team, as it is also essential for creating a fulfilling work environment for its employees.



Donations to Support the Homeless and Victims of Domestic Violence

F.TECH R&D NORTH AMERICA INC. (RDNA / Ohio, United States)

Each year since FY2017, RDNA has made donations to the Family Abuse Shelter of Miami County to support and provide care and education for domestic violence victims and the homeless. This organization, with a history of over 40 years, continues to expand its services and facilities to meet the increasing needs of the local community.

In FY2022, RDNA also collected donations of essential goods and new clothing from willing employees, as well as making

financial contributions as a company. RDNA remains committed to continuing such community contribution activities.



Environmentally Friendly Initiatives —Reduction, Recycling, Afforestation

F&P Mfg., Inc. (F&P / Ontario, Canada)

F&P has introduced oil separators in the cleaning process at its painting department. Separators allow for the removal of excess oil and extend the life of the cleaning baths. This move has reduced waste generation by 330,512 liters. To decrease CO2 emissions, the facility has replaced all fluorescent lights with 310 LED lighting fixtures. This has lowered monthly electricity consumption by 24,257 kWh and yearly CO2 emissions by 87 tons, improving the working environment for employees.

In terms of recycling, F&P has established standards for the safe and reliable recycling of electronic devices and partnered with “Recycle my Electronics,” a leading non-profit organization known in the industry for its award-winning efforts. Since November 2022, this organization has recycled 1.56 tons of the company’s electronic waste. Additionally, F&P held its annual tree-planting event on April 23, 2023. The company will continue to actively pursue various initiatives to reduce environmental impact.



Nineteen volunteers planted 140 seedlings and 196 trees provided by the South Simcoe Streams Network.

Eyeglass Donation and Recycling Activities

DYNA-MIG, A Division of F&P Mfg., Inc. (DM / Ontario, Canada)

From September to December 2022, DM’s Environmental Systems Division conducted a donation campaign for prescription eyeglasses. A total of 73 employees participated in this activity, collecting 88 pairs of glasses, which were donated to a collection station at a local eyewear store. The glasses were then sent to the nearest Lions Club Eyeglass Recycling Center, where volunteers sorted, cleaned, and measured the prescription strength, carefully packaging the glasses for storage until they are needed.



At outreach events, ophthalmologists, opticians, and trained volunteers conduct vision screenings. Suitable recycled glasses are then provided free of charge to the children and adults who need them.



“Adopt a Tree*” Initiative

F&P MFG DE MEXICO S.A. DE CV. (FPMX / Guanajuato, Mexico)

FPMX conducted an off-site tree-planting activity in August 2022. Currently, there is no available space for tree planting on the company’s premises, so alternative initiatives had to be considered.

Under the “Adopt a Tree” initiative, all employees were invited to participate in tree planting activities at their own homes. A total of 20 employees took part in the activity. They and their families planted the trees provided by the company and sent photos of the planted trees to the company. Additionally, there was a request to plant trees at the kindergarten attended by their children. In response, the company provided three additional seedlings. In the end, a total of 23 trees were able to find new “homes.”



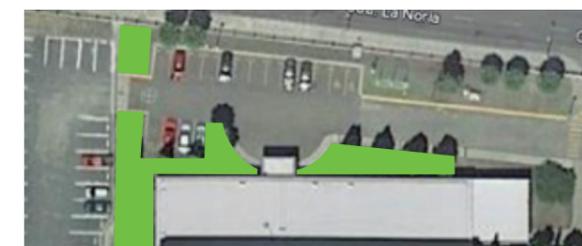
*Activities in which individuals or groups of people care for specific trees (planting, pruning, etc.), caring for the trees as if they were “their own children.”

Efforts to Protect Vital Water Resources

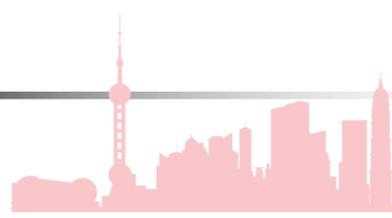
F.E.G. DE QUERETARO S.A. DE C.V. (FEGQ / Querétaro, Mexico)

Due to its desert location, water is a precious resource for FEGQ, which pursues ongoing efforts to reduce its water consumption. In 2023, FEGQ decreased annual water use by reducing its green space. The 337.46 square meters of green space previously required 328.46 cubic meters of water annually. The annual water requirement per square meter of lawn is 1,000 liters, and the cost per cubic meter of water amounts to 65.37 Mexican pesos. When calculated on an annual basis, this amounts to a cost of 21,471

Mexican pesos. By replacing this green space with volcanic rock, FEGQ reduced its annual water consumption by an average of 328.46 cubic meters.



China



Promoting Renewable Energy with Solar Panels —Reduced Annual CO2 Emissions by Approximately 2,305 Tons

F-tech Zhongshan Inc. (FTZ / Guangdong, China)

As part of its corporate social responsibility efforts, FTZ promotes the use of renewable energy. The company introduced a solar power generation system in the second half of 2022. The new system consists of 6,140 panels with an area of approximately 25,000 square meters, capable of generating up to 2.4 MWh per day and reducing CO2 emissions by approximately 2,305 tons annually.

All the electricity generated from the installed power generation system is supplied to the power grid, and FTZ purchases



it at 85% of the regular rate. Through this initiative, the company expects to save around approximately 488 thousand yuan in electricity costs annually while contributing to a cleaner and more sustainable energy supply for society.



Children's Book Donation Activity

F-tech Wuhan Inc. (FTW / Hubei, China)

In keeping with FTW's action policy of "engaging with the local community," all employees have united to cooperate with local public projects. Amid the continued spread of COVID-19, in December 2022 the company sought to prevent infections as it went about its social contribution activities. Employees contacted public organizations online to confirm the required support. FTW decided to focus on donating books for children, as it was the most needed form of support at the time. Within only a few days of announcing the book drive, employees had donated hundreds of books. Not only did employees donate books their own children had used, but some also purchased new books specifically to contribute. We were deeply moved by the profound affection shown by each and every

employee. As a member of the group, we will continue to contribute to the local community in terms of environment, culture, and education, and grow together with the community.



Facility Risk Countermeasure Initiatives

F-tech R&D (Guangzhou) Inc. (FRDCH / Guangdong, China)

At FRDCH, the air conditioning unit in a new server room developed a water leak. The leak was directly above the server equipment, posing a serious risk of system failure (water damage).

The server contains valuable data (intangible assets) generated from daily business activities. To ensure peace of mind and safety, measures were taken to address the water leak and

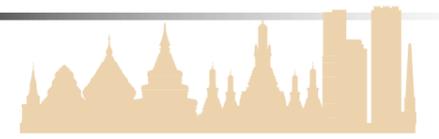
implement waterproofing measures. The cause of the leak was investigated in collaboration with a vendor, and appropriate countermeasures were implemented (as explained in the attached photos). Furthermore, to prevent a recurrence, monthly inspections of the area will be conducted to thoroughly mitigate the risk of water damage.



Packing that had deteriorated Replacement packing Cover around piping with waterproof material Trays installed for double protection

Asia

Philippines/Thailand/Indonesia



FPMI Blood Donation Event Combining Health Promotion and Social Contributions

F-TECH PHILIPPINES MFG., INC. (FPMI / Laguna, Philippines)

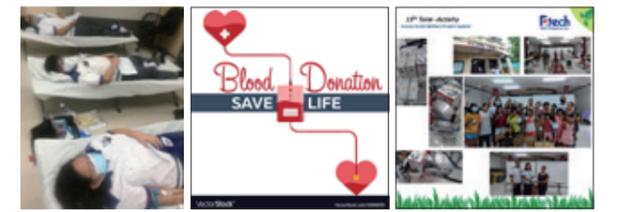
FPMI has introduced a wellness program to maintain the health and safety of employees and their families, and the company collaborates with hospitals to provide support for blood transfusions when needed by Company employees. Donating blood can also reduce the risk of heart and liver diseases, cancer, and contribute to the production of new blood cells, weight maintenance, lowering cholesterol levels, and improving mental health. On August 26, 2022, a blood collection event was held on-site, during which 47 bags of blood were collected from 44 donors, with 30% of the donations reserved as inventory for FPMI.



Contributing to the Community through the Christmas Gift Project

F.tech R & D Philippines Inc. (FRDP / Laguna, Philippines)

Every December, FRDP's staff strive to share the blessings they have received throughout the year by conducting the Christmas Gift Project as a way to give back to the local community. This year, the company donated a kitchen and a complete set of tableware to Ang Bahay Parola, a missionary home that provides a loving family for approximately 50 homeless children in Sta. Rosa Laguna. FRDP also supports and cooperates with FPMI's blood donation activities.



Lowering of CO2 Emissions by Installing Solar Panels —Cost of Power Reduced by Half

F-TECH MFG. (THAILAND) LTD. (FMTL / Ayutthaya, Thailand)

FMTL recognized that Thailand's consistently high temperatures and long hours of sunshine meant it might be effective to introduce a system of solar panels, so it established a project team to conduct an investigation. After meeting with various manufacturers and considering their respective features, a manufacturer was selected. The installation of solar panels on the factory roof was completed and operations commenced in June 2022. FMTL adopted a PPA system with a power generation capacity of 997.3 kWh. This solar panel system has approximately halved the company's cost of electricity. In

addition to reducing energy costs, the solar panels led to a reduction of 517.9 tons of CO2 emissions within one year. Moving forward, the company will continue to promote improvements to achieve carbon neutrality.



Ritual Feasts and Donations to Children's Homes

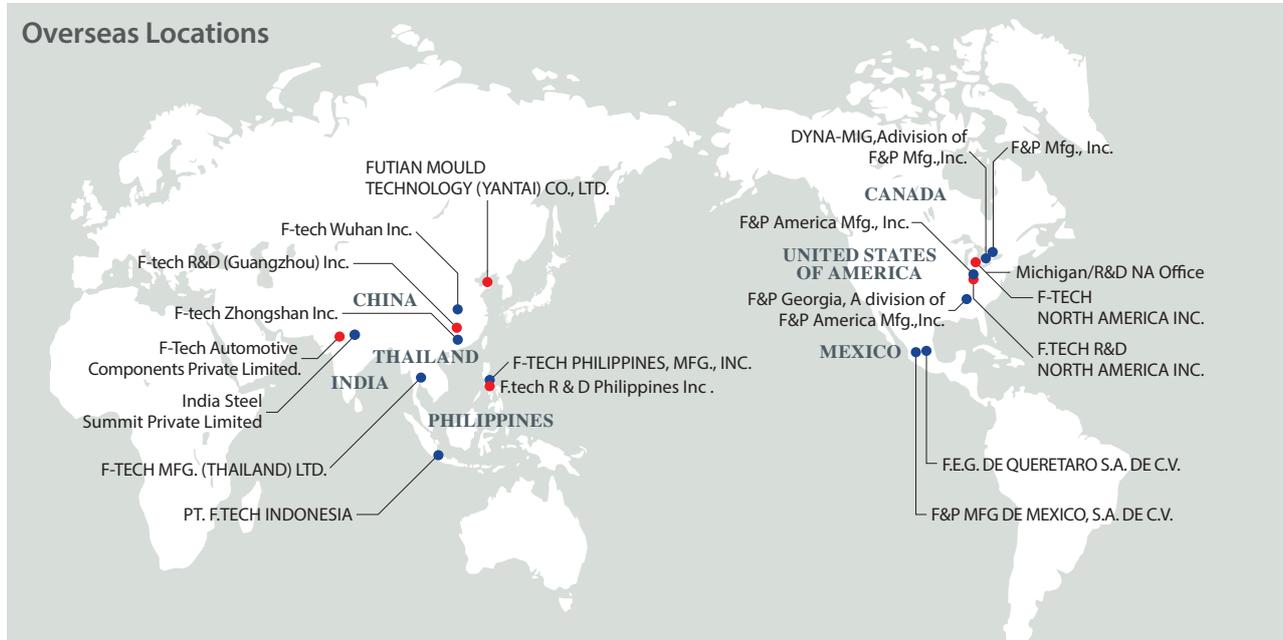
PT. F.TECH INDONESIA (FTI / Karawang, Indonesia)

In 2022, as public activities that had been restricted due to the impact of COVID-19 gradually resumed, a local tradition of ritual feasts was reintroduced. This festival is based on religious teachings to provide assistance to those in need, and as a contribution to the community, FTI donated two goats and provided financial support to a children's foster home. The goats were donated through the local government, and the donation was personally handed to the children's foster home, allowing people from the company to witness the joy on the recipients' faces. Their expressions of happiness reminded employees of the importance of community contribution and encouraged us to take part in further opportunities to contribute to the community.



Fourteen Production Sites and Nine R&D and Sales Facilities in Nine Countries

In addition to expanding production bases, we have established development centers in various regions to enhance our responsiveness to customer needs. We are advancing information sharing in areas such as quality, development, procurement, and the environment, aiming to elevate the overall level of the Group.



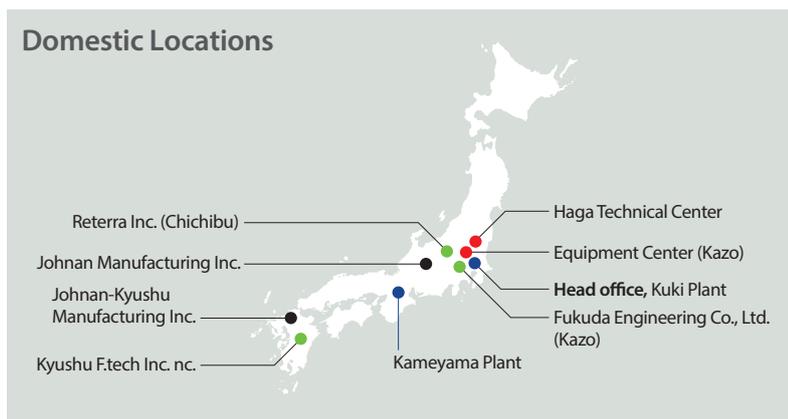
- Manufacturing Locations
 - Japan (2)
 - North America (6)
 - China (2)
 - AP (4)
- R&D and Sales Facilities
 - Japan (2)
 - North America (3)
 - China (2)
 - AP (2)

Overseas Affiliates

- F&P Mfg., Inc. [Ontario, Canada] (F&P)
- DYNA-MIG, a division of F&P Mfg., Inc. [Ontario, Canada] (DM)
- F&P America Mfg., Inc. [Ohio, United States] (FPA)
- F&P Georgia, A division of F&P America Mfg., Inc. [Georgia, United States] (FPG)
- F-TECH R&D NORTH AMERICA INC. [Ohio, United States] (RDNA)
- Michigan/ R&D NA Office [Michigan, United States]
- F-TECH NORTH AMERICA INC. [Michigan, United States]
- F.E.G. DE QUERETARO S.A. DE C.V. [Querétaro, Mexico] (FEGQ)
- F&P MFG DE MEXICO S.A. DE C.V. [Guanajuato, Mexico] (FPMX)
- F-TECH PHILIPPINES, MFG., INC. [Laguna, Philippines] (FPMI)
- F.tech R & D Philippines Inc. [Laguna, Philippines] (FRDP)
- F-TECH MFG. (THAILAND) LTD. [Ayutthaya, Thailand] (FMTL)
- PT. F.TECH INDONESIA [Karawang, Indonesia] (FTI)
- F-tech Automotive Components Private Limited [Haryana, India] (FTAC)
- India Steel Summit Private Limited [Uttar Pradesh, India] (ISS)
- F-tech Zhongshan Inc. [Guangdong, China] (FTZ)
- F-tech Wuhan Inc. [Hubei, China] (FTW)
- FUTIAN MOULD TECHNOLOGY (YANTAI) CO., LTD. [Shandong, China] (FEGY)
- F-tech R&D (Guangzhou) Inc. [Guangzhou, China] (FRDCH)

<Equity-Method Affiliates>

- Johnan America, Inc.
- Johnan De Mexico, S.A.de C.V.
- Johnan F.tech (Thailand) LTD.
- VEE GEE Auto Components Private Limited.



Domestic Locations

- Head office, Kuki Plant [Kuki, Saitama Prefecture]
- Kameyama Plant [Kameyama, Mie Prefecture]
- Equipment Center [Kazo, Saitama Prefecture]
- Haga Technical Center [Haga-cho, Haga-gun, Tochigi Prefecture]

Domestic Subsidiaries

- Fukuda Engineering Co., Ltd. [Kazo, Saitama Prefecture] (Fukuda Engineering)
- Kyushu F.tech Inc. [Yamaga, Kumamoto Prefecture] (QFT)
- Reterra Inc. [Ogano, Chichibu, Saitama Prefecture]

Domestic Affiliated Companies

- Johnan Manufacturing Inc. [Ueda, Nagano Prefecture]
- Johnan-Kyushu Manufacturing Inc. [Nogata, Fukuoka Prefecture]